

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 10 JUNE 2025

**Minutes of the Audit, Risk and Improvement Committee meeting
held on Tuesday 10 June 2025
in the Flannel Flower Room, Civic Centre, Dee Why
Commencing at 2:11pm**

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
Sally Hall	Internal Ombudsman
Sarah Dunstan	Executive Manager Governance & Risk
Aline Fernandes	Internal Auditor
Lauren Reti	Senior Advisor Governance

Council Auditors (attendee)

Karthik Krishnamoorthy	Associate Director – Financial Audit, Audit Office of NSW
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Guest Attendees

Sue Heins	Mayor <i>joined at 2:55pm and left at 4:00pm</i>
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Visiting Staff

Caroline Foley	Chief Financial Officer
Michael Turner	Chief Information Officer
David Griffiths	Chief Information Security Officer

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1.0 APOLOGIES

Apologies were received from Sue Prichard, with Karthik Krishnamoorthy attending in her place.

2.0 DISCLOSURES OF INTEREST

Robert Lagaida disclosed that he has been appointed as Chair of the Tamworth Regional Council Audit, Risk and Improvement Committee (ARIC).

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 4 MARCH 2025

OUTCOME

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 4 March 2025, copies of which were previously circulated to all members, are hereby confirmed as a true and correct record of the proceedings of that meeting subject to minor edits.

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 Audit, Risk and Improvement Committee (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.

DISCUSSION

ARIC members noted that all action items listed were either not due yet, or being resolved in reports presented at this meeting.

ARIC members enquired about the statistics provided for Item 8.3 Service Review – Information Access & Privacy and if the figures were out of a total of 5 and if context could be provided. The Chief Operating Officer confirmed the figures related to Council's Self Assessment against the State Government Records Management Assessment Tool.

OUTCOME

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

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

DISCUSSION

The Chief Executive Officer's (CEO) report included the following:

- An update on the IPART Process
- An update on the Strategic Planning Workshop weekend that was held with Councillors at the Cromer Depot training centre. A further planning weekend will be held towards the end of the year to focus on the 4 year strategy.
- An upcoming program commencing in August .
- Resignation of Louise Kerr, Director Planning and Place. Louise has been appointed the General Manager, Lane Cove Council.

The CEO invited the Chief Operating Officer (COO) to provide an update on the recruitment of a new ARIC Independent Member. Council adopted the recommendation of the evaluation panel for the role of independent member of ARIC at its May meeting. The new member has accepted the position and will commence at the September 2025 meeting.

Council also resolved at the May 2025 meeting to retain a 4th ARIC independent member. The recruitment panel has selected a preferred candidate from the candidate pool and will put forward a report to the July 2025 Council meeting for its consideration.

OUTCOME

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

6.2 FINANCE UPDATE INCLUDING 2025/26 DRAFT BUDGET

PURPOSE

The purpose of this report is to provide an update on the financial performance of the Council as at 31 March 2025 and an update on the draft 2025/26 budget.

DISCUSSION

The Chief Financial Officer (CFO) provided an overview of the Council's financial performance as at 31 March 2025. It was confirmed the commentary in the report relates to the draft budget and draft long term financial plan before the Independent Pricing and Regulatory Tribunal of NSW (IPART) decision was received.

The ARIC discussed the report and commended staff on their report providing great insights and depth of information.

OUTCOME

The Audit, Risk and Improvement Committee noted the finance update for the quarter end 31 March 2025 and the draft 2025/26 budget.

6.3 ENTERPRISE RESOURCE PLANNING (ERP) - PROGRAM COSMO UPDATE - JUNE 2025 UPDATE

PURPOSE

The purpose of this report is to provide the Audit Risk and Improvement Committee (ARIC) an update on Council's Enterprise Resource Planning Project – Program COSMO.

DISCUSSION

The COO and Chief Investment Officer (CIO) updated the committee on this item. They highlighted the current focus of the project being staff training, defect management, communications and post rollout support for staff. The project is on track for the rollout of phase one on 1 July.

The members asked questions on defect management, preparation work for cutover to the new system and contingency planning.

The members also asked the Audit Office to confirm if they are aware of any accounting treatment issues that have not yet been resolved. The Audit Office confirmed at a high level they have not found any issues so far and will be looking at a more detailed level during the interim phase.

ACTIONS

COO to circulate risk register to ARIC.

Audit Office to report back to ARIC Members out of session, with any issues found relating to accounting treatment during their detailed review in interim phase.

OUTCOME

The Audit Risk and Improvement Committee noted the report.

7.0 INTERNAL AUDIT

7.1 COMPLAINTS RESOLUTION TEAM UPDATE REPORT

PURPOSE

The purpose of this report is to present to the Audit, Risk and Improvement Committee information relating to complaints received, including alleged breaches of the Code of Conduct and referrals to or from external agencies such as the Independent Commission Against Corruption (ICAC) and the NSW Ombudsman.

DISCUSSION

The Internal Ombudsman provided an update on complaints with emphasis in recent trends. In line with an action item from the December meeting the team are now analysing unsubstantiated complaints.

The ARIC discussed the potential for using complaints as a source for improvements.

The Chair discussed the Fraud and Corruption Control Committee (FACC) and how that is progressing.

OUTCOME

The Audit, Risk and Improvement Committee noted the report.

7.2 INTERNAL AUDIT UPDATE REPORT

PURPOSE

The purpose of this report is to provide an update to the Audit, Risk and Improvement Committee (ARIC) on all aspects of Internal Audit work since the last ARIC meeting.

DISCUSSION

The Internal Ombudsman updated the ARIC on the progress of the 2024/25 audit plan, the Coastal Audit completed by the Audit Office NSW and the recently completed audits for Leisure Facilities and a follow up of audit recommendations from previous audits.

In response to a question from the ARIC regarding the audit recommendations from the Leisure Facilities audit the Internal Ombudsman confirmed that now the audit has been reported to the ARIC, the recommendations will be included in the regular quarterly Audit Recommendation Status Tracking report from the September 2025 meeting onwards until they are completed.

The follow up of audit recommendations from previous audits found that each of the recommendations had been appropriately closed with the exception of 4 recommendations that were reopened due to being partially implemented.

ACTIONS

1. Leisure Facilities Audit Management Action Plan – 8. Physical Access Control – The ARIC agree with the management response but would like to understand if there is an alternative option?
 2. Follow up of Internal Audit Recommendations – Procurement – Vendor Information – The Committee would like to understand how ABNs are categorised when they are reviewed for example, Supplier can't be identified, ABN isn't active or registered. Internal Ombudsman to confirm back to the ARIC.
 3. Follow up of Internal Audit Recommendations – Internal Ombudsman to provide some statistics on the audit recommendation reopen rate.
 4. The ARIC noted there has been a change of layout on the Centium Report – Internal Ombudsman to Liaise with Centium to understand why the format has changed and report back to ARIC.
 5. The ARIC have requested for the full year audit plan to be included in each Internal Audit report.
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OUTCOME

The Audit, Risk and Improvement Committee noted:

1. The status of the 2024-25 internal audit plan.
 2. The outcomes of the internal audit reports completed since the March 2025 ARIC.
 3. The status of audit recommendations and opportunities, generated in previous internal audits.
 4. The revised 2025-26 internal audit plan.
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9.0 FRAUD AND RISK MANAGEMENT

9.1 CYBER SECURITY REPORT

PURPOSE

This report presents the Audit, Risk and Improvement Committee with an overview of Council's current security posture, likely threats, known risks, controls, and the actions being taken.

DISCUSSION

The CIO and Chief Information Security Officer (CISO) updated the ARIC on this report.

It was confirmed that an Information Security Steering Committee has been stood up and risk management processes are being implemented.

A notable achievement is the implementation of the classification labelling capability, which provides the ability to identify, distinguish and treat sensitive information differently.

The ARIC commended Council on putting resources towards cyber security to reduce the risk, and implementing the Information Security Steering Committee.

The ARIC discussed the following topics with the CIO and CISO:

- Cyber security risk targets.
- Financial implications of cyber security.
- Cyber risk maturity.
- Review of legacy systems.

ACTIONS

The ARIC requested the amount Council is investing in cyber security now, and if there is a gap in investment that needs to be addressed.

The CIO will pull this information together and report back to the ARIC.

OUTCOME

The Audit, Risk and Improvement Committee noted:

1. The progress made to date to improve the culture and preparedness of Council in relation to information and cyber security.
 2. The achievements and planned activities to monitor and maintain agreed risk tolerance
 3. The discovered and emerging cyber threats and the increasing maturity of Council's planning for, and response to them.
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9.2 GOVERNANCE & RISK MANAGEMENT UPDATE

PURPOSE

The purpose of this report is to provide an update to the Audit, Risk and Improvement Committee (ARIC) on governance and risk management activities.

DISCUSSION

The Executive Manager Governance & Risk and Principal Governance Officer updated the ARIC on this item. The topics of discussion were:

- The Interim Annual Report covers the period January to June 2024. The ARIC agreed to the realignment of the annual report from calendar year to financial year, noting this will bring reporting into line with the Guidelines for Risk Management and Internal Audit for Local Government in NSW (Guidelines).
- The draft Annual Attestation Statement has been based on the template provided in the Guidelines, and will be included in Council's annual report.
- The ARIC commended staff on the detail included in the 4 year strategic plan. The Council Focus Areas will evolve as further strategic planning is undertaken with Councillors. The document will be a working document that can be amended by ARIC as required.
- The Legislative Compliance policy is due for review. There have been some updates with current practice, and no major edits. The ARIC were in agreement with the amendments made to the policy.

ACTIONS

Interim ARIC Annual Report:

1. the ARIC have requested a conclusion to be added after the Activities of the ARIC that confirms the functions completed in line with the ARIC Charter.
2. Councillor Grattan will provide an amendment to her profile.

4-year Strategic Plan:

1. a footnote is to be added to the Council Focus Areas that further change is to come in line with Council's strategic planning.
 2. The COO and Executive Manager Governance & Risk to review the idea of splitting the document into a high level document, and internal detailed workplan.
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OUTCOME

The Audit, Risk and Improvement Committee:

1. Approved the Interim ARIC Annual Report for the period January – June 2024.
 2. Approved the draft ARIC 4-year Strategic Plan.
 3. Noted the draft CEO Attestation Statement to be presented in the Council's Annual Report.
 4. Supported the revised draft Legislative Compliance Policy.
 5. Noted the report and program updates.
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11.0 EXTERNAL AUDIT

11.1 AUDITOR GENERAL'S REPORT ON LOCAL GOVERNMENT 2024

PURPOSE

The purpose of this report is to consider the NSW Auditor-General's Report on Local Government 2024.

DISCUSSION

The Associate Director – Financial Audit, Audit Office of NSW presented to the ARIC on this report with the Chief Financial Officer.

The Audit Office of NSW completed the planning phase of the financial audit in March and are due to commence interim audit work in the week starting 7 July. The team will look at the fair value adjustment of stormwater drainage that is occurring instead of the comprehensive revaluation that is unable to be undertaken due to the financial system migration (COSMO project) and assess the implications and compliance aspects.

The Audit Office of NSW has sent the draft Coastal Management report to management with extract relevant to Council on 26 May, with the full draft version including all other Councils and agencies on 2 June.

The Local Government 2024 Auditor Generals report to parliament was tabled on 31 March 2025. Key highlights from the report:

- The majority of Councils received unqualified audit opinions
- Disclaimers of opinion were issued for 2 Councils
- Qualified audit opinions were issued for 2 Councils
- The timeliness of the audited financial statements being lodged by the 31 October deadline improved from 67% in 2023 to 88% in 2024.
- Financial sustainability is a concern for about 35 councils, who did not meet or met just one of the 3 key financial sustainability ratio.

The ARIC made a suggestion to the Audit Office of NSW to include trend analysis to show the progression of the financial sustainability issue over the last 3 - 10 years. The Associate Director agreed to take this suggestion on board to consider it for next years report.

OUTCOME

The Audit, Risk and Improvement Committee noted the Auditor-General's Report on Local Government 2024.

13.0 GENERAL BUSINESS

13.1 AGENDA ITEMS FOR NEXT MEETING

PURPOSE

The purpose of this report is to present to the Audit, Risk and Improvement Committee (ARIC) the proposed agenda items for the ordinary September 2025 meeting.

DISCUSSION

The ARIC had no further reports to add to the September agenda.

OUTCOME

The Audit, Risk and Improvement Committee discussed the proposed September 2025 agenda.

14.0 NEXT MEETING

Tuesday 9 September 2025

Meeting closed 5:11pm