

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 9 DECEMBER 2025

**Minutes of the Audit, Risk and Improvement Committee meeting
held on Tuesday 9 December 2025
in the Flannel Flower Room, Civic Centre, Dee Why
Commencing at 2:00pm**

ATTENDANCE:

Members of the Committee

Chair Stephen Horne
Member Robert Lagaida
Member Tiffany Roxburgh
Member Peter Sheville - *remote*
Member Nicholas Beauguard

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
Lesley Milbourne	Principal Governance Officer

Council Auditors (attendee)

Ms Susan Prichard	Director of Financial Audit Services, Audit Office of NSW
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Guest Attendees

Cr Sue Heins	Mayor (<i>left at 3.59pm</i>)
Cr Jody Williams	Councillor
Andrew Anderson	Director - Performance Audit, Audit Office of NSW
Ben Ellem	Associate Director - Performance Audit, Audit Office of NSW

Visiting Staff

Todd Dickinson	Director Environment & Open Space
Caroline Foley	Chief Financial Officer
Jodie Crawford	Acting Executive Manager Environment & Resilience
Mark Jones	Executive Manager Strategy, Performance & Records
Catherine Macfarlane	Team Leader – Organisational Performance
David Griffiths	Chief Information Security Officer
Terry Burrell	Deputy CFO Transactional Accounting
Eva Robinson	Senior Treasury & Projects Accountant

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1.0 APOLOGIES

No apologies were received.

The Audit, Risk and Improvement Committee (ARIC) welcomed new independent member, Peter Sheville, and new Council representative, Councillor Nick Beaugeard.

2.0 DISCLOSURES OF INTEREST

Robert Lagaida advised he is no longer the Chair of Blacktown City Council's ARIC and has joined Willoughby Council's ARIC.

Tiffany Roxburgh advised she has been appointed as the Garvan Institute of Medical Research's body corporate representative for the institute's membership of the Australian Genomic Cancer Medicine Centre.

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 9 SEPTEMBER 2025

OUTCOME

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 9 September 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.

3.2 MINUTES OF THE EXTRAORDINARY AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 9 SEPTEMBER 2025

OUTCOME

That the minutes of the Extraordinary Audit, Risk and Improvement Committee Meeting held on 9 September 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.

4.0 ITEMS RESOLVED BY EXCEPTION

OUTCOME

Item 6.2 was dealt with by exception.

6.2 FINANCE UPDATE

PURPOSE

The purpose of this report is to provide an update on the financial performance of the Council as at 30 September 2025.

OUTCOME

That the Audit, Risk and Improvement Committee note the finance update for the quarter end 30 September 2025.

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

Confirmed all actions have been completed.

OUTCOME

That the Audit, Risk and Improvement Committee 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 Audit, Risk and Improvement Committee with a brief update on current issues, particularly those relating to areas of potential risk for Council.

DISCUSSION

The CEO advised there were no updates beyond those provided in camera and in the agenda reports and invited ARIC members to raise any questions. The ARIC discussed the use of jet skis.

OUTCOME

That the Audit, Risk and Improvement Committee note the Chief Executive Officer's verbal update.

NOTE: The order of business was changed after Item 6.1 to the following order: Item 12.1, 8.1, 8.2, 11.1, 11.2, 7.1, 9.1, 10.1, 10.2, 13.1 and other business.

12.0 FEATURE TOPIC

12.1 BRIEFING FROM KIMBRIKI BOARD ON ANNUAL PERFORMANCE

PURPOSE

The purpose of this report is for the independent board of Kimbriki Environmental Enterprises (KEE) to provide a briefing to ARIC members on the annual performance of the company.

DISCUSSION

KEE reported strong financial results this year, high recycling (82% of waste diverted from landfill), and effective governance. Collaboration with Council and strategic planning for long-term site management were highlighted.

The ARIC noted KEE's unique governance model ensures the Board focuses on strategic issues and plans for the future. As a separate entity there is agility and opportunity to trial and innovate. The Kimbriki Eco House and Garden is an example of this. So too is the HUB, a collaboration between Kimbriki and 3 resident not-for-profit organisations, including Peninsula Senior Citizens Toy Repair Group that work together to support each other and KEE to reduce waste to landfill.

KEE's partnership with Hornsby Council was discussed, as was a strategic focus on innovations to remove problem waste from landfill such as VENM, engineered timber, and free drop-off for embedded batteries and polystyrene.

The Board advised that with waste recovery at 82% capital expenditure will be required to further sustainable waste management.

The ARIC asked questions about KEE's revenue results, risk assessment framework, insurance, FOGO, organisational culture and succession planning for the Board and organisation.

OUTCOME

That the Audit, Risk and Improvement Committee note the report.

8.0 IMPROVEMENT

8.1 ARTS & CULTURE - SERVICE REVIEW

PURPOSE

The purpose of this report is to present the findings and recommendations from the service review of the Arts & Culture Service to the Audit, Risk and Improvement Committee (ARIC).

DISCUSSION

The review recommended operational improvements and service level changes. Methodology and councillor engagement were discussed.

The ARIC was advised that to address the identified operational challenges a number of operational improvements have been made, focusing on enhancing service delivery and creating efficiencies.

The ARIC discussed the reporting and methodology undertaken including how Councillor feedback is taken, asset management and financial reporting.

ACTIONS

- Council's service review framework to be sent to Peter Sheville.

OUTCOME

That the Audit, Risk and Improvement Committee note the findings and recommendations of the service review for the Arts and Culture Service.

8.2 COMMUNICATION AND GRAPHIC DESIGN SERVICE REVIEW

PURPOSE

The purpose of this report is to present the findings and recommendations of the service review for Communication and Graphic Design Services to the Audit, Risk and Improvement Committee (ARIC).

DISCUSSION

The review identified operational improvements across key areas, aimed at improving service efficiency including strengthening project tracking, project prioritisation, use of templates, applying a risk-based approach to reduce delays, financial management, business partnerships, service alignment and establishing greater executive oversight to guide strategic directions.

The ARIC discussed the options presented in the review. In response to a question from the committee, the COO confirmed that significant data is available to identify which communication channels receive the least community feedback to enable a prioritisation process.

OUTCOME

That the Audit, Risk and Improvement Committee note the findings and recommendations of the Service Review for the Communication and Graphic Design Service.

11.0 EXTERNAL AUDIT

11.1 PERFORMANCE AUDIT – COASTAL MANAGEMENT

PURPOSE

The purpose of this report is to provide an update to the Audit, Risk, and Improvement Committee (ARIC) on recent findings of the NSW Audit Office Coastal Management Performance Audit.

The Audit Office's Ben Ellem and Andrew Anderson presented.

DISCUSSION

The coastal management framework under the *Coastal Management Act 2016* (the Act), aims to deliver strategic and integrated management, use and development of the coast by state and local government for the social, cultural and economic wellbeing of the people of NSW.

The Audit Office examined whether the Department of Climate Change, Energy, the Environment and Water (DCCEEW), Department of Planning, Housing and Infrastructure (DPHI) and 3 local councils (City of Coffs Harbour, Shoalhaven City and Northern Beaches Councils) are effectively implementing the framework to manage the NSW coast.

The Audit Office staff thanked Council staff for their responsiveness and noted they had a good experience working with the Northern Beaches Council team.

The audit found DCCEEW is not effectively overseeing and facilitating implementation of the framework and as a result, the Act's objectives are not being achieved.

All audited councils are developing Coastal Management Plans (CMPs) to support coastal management and strategic land use planning, but the process is taking longer than anticipated.

The Performance Audit Report makes 8 recommendations to be implemented by September 2026 with 6 assigned for NSW Government and 2 for local councils, with no specific recommendations for Northern Beaches Council. The Audit Office also provided each council with a Detailed Findings report. Council is implementing improvements on the basis of the 2 audit reports.

The committee noted the long-term sustainability risks, particularly financial, to Council in implementing coastal management plans

OUTCOME

That the Audit, Risk and Improvement Committee note the outcome of the NSW Audit Office Coastal Management Performance Audit.

11.2 AUDIT OFFICE CLOSING REPORT AND MANAGEMENT LETTER FOR THE 2024/25 FINANCIAL YEAR

PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvement Committee with the Audit Office of NSW Engagement Closing Report and Management Letter on the final phase of the audit for the year ended 30 June 2025 for their review.

DISCUSSION

The Engagement Closing Report informs the Chief Executive Officer, the Mayor and the ARIC of audit findings relevant to their responsibilities and oversight of Council's financial statements.

Following the completion of the final phase of the audit of Northern Beaches Council's 2025 financial statements, the Audit Office of NSW provided its Management Letter, in which 3 low risk issues were raised.

The Audit Office advised that it was a clean audit. The committee acknowledged this and that the COSMO system transition was underway during this time and was well managed.

Caroline Foley thanked the ARIC for its assistance reviewing the draft response to the Management Letter.

OUTCOME

That the Audit, Risk and Improvement Committee note the Audit Office of New South Wales Management Letter on the final phase of the audit for the year ended 30 June 2025 and the 2025 Engagement Closing Report.

7.0 INTERNAL AUDIT

7.1 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 report provided updates on audit activity since the June ARIC meeting, including: status of the 2024-25 and 2025-26 internal audit plans; a summary of outcomes of completed audits and reviews since the September ARIC meeting; and an update on the status of audit recommendations and opportunities, generated in previous internal audits.

Staff advised that the internal audit plan is progressing and complying fully with new guidelines for internal audit.

Committee members provided feedback, suggesting auditing WH&S for outdoor staff (the CEO advised that SafeWork will be auditing self-insurers such as Northern Beaches Council next year), and cyber security more frequently given the breadth of this topic

OUTCOME

That the Audit, Risk and Improvement Committee note:

1. The status of the 2024-25 and 2025-26 internal audit plans.
 2. The outcomes of the internal audit reports and reviews completed since September 2025 ARIC.
 3. The status of audit recommendations and opportunities generated in previous internal audits.
 4. The 6 month extension to an Information and Digital Technology (IDT) audit action.
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9.0 FRAUD AND RISK MANAGEMENT

9.1 INFORMATION AND CYBER SECURITY UPDATE

PURPOSE

The purpose of this report is to present the Audit, Risk and Improvement Committee with an overview of Council's information and cyber security progress and achievements.

DISCUSSION

Progress was reported on the cyber strategy and roadmap initiatives, maturing of operational security risk management, staff training, artificial intelligence (AI) governance and contributing to the security of the local government sector.

Council participated in the Australian Signals Directorate's sector-wide incident response exercise in December which was valuable for local government, including regional councils.

The committee discussed the above issues in detail, including the impact of COSMO, potential for benchmarking Council's cyber preparedness, AI risk tools being developed at the federal level, and the value of Council's Information Security Steering Committee, the format of which has and will continue to be responsive to feedback from the ARIC.

OUTCOME

That the Audit, Risk and Improvement Committee note:

1. The progress made to date on previously reported initiatives.
 2. The increasing maturity of Council's security governance and risk processes.
 3. The ongoing work to align security governance and management processes to global industry standards.
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10.0 SPECIAL AGENDA ITEMS

10.1 ANNUAL INVESTMENT POLICY REVIEW

PURPOSE

The purpose of this report is to provide the Investment Policy (Policy) to the Audit, Risk and Improvement Committee (ARIC) for review.

DISCUSSION

Council's Investment Policy, adopted on 26 July 2022, is due for annual review by the ARIC.

Council's investment advisors have reviewed the policy, noting that there have been no changes to the Ministerial Investment Orders over the last 12 months, and confirmed the policy's alignment with the Orders and guidelines issued by the Office of Local Government.

No changes were recommended to the list of approved investments or credit limit frameworks in the current policy. No changes are proposed to the policy at this time.

Staff clarified that the review provides advice on Council's investment strategy and mix of investments as well as confirming the policy complies with the Ministerial Orders. The Chair noted ARIC has looked at the investment advisors' review of the policy in depth over time and challenged any apparent assumptions to ensure the advice was tailored to the specific needs of this council.

The COO will ensure future reports explicitly reference the scope of work undertaken in the review, not only the compliance with Ministerial Order and guidelines.

ACTIONS

Future reports will explicitly highlight the scope of work undertaken in the review, not only the compliance with Ministerial Order and guidelines.

OUTCOME

That the Audit, Risk and Improvement Committee note the review of the Investment Policy and that no changes to the Investment Policy are proposed.

10.2 ATO GUIDANCE ON PAYMENTS TO COMMITTEE MEMBERS

PURPOSE

The purpose of this report is to inform ARIC members on the Australian Taxation Office (ATO) response to a request by Local Government NSW for class rulings on whether superannuation, PAYG withholding tax and other obligations apply to payments made to members of Audit, Risk and Improvement Committees (ARIC), Planning Panels and other ad hoc committees (“the Committees”).

DISCUSSION

New guidance from the Australian Taxation Office (ATO) requires ARIC members to be treated as employees for superannuation and tax purposes, prompting administrative changes.

Council is updating payment processes to ensure superannuation, PAYG and GST treatment align with the ATO’s guidance, including paying members directly and ceasing to pay or claim GST.

Letters will be sent to all members to confirm arrangements.

The CEO will continue to discuss the issue with LGNSW and ARIC members will keep the CEO/COO informed of administrative approaches taken by other councils..

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 Audit, Risk and Improvement Committee (ARIC) the proposed agenda items for the ordinary March 2026 meeting.

DISCUSSION

The March agenda was agreed, noting that the ARIC’s workplan can be reviewed and amended as and when needed and upcoming agendas adjusted to reflect any changes.

OUTCOME

That the ARIC discussed the proposed March 2026 agenda.

13.2 ITEMS FOR NOTATION TO GOVERNING BODY

DISCUSSION

The CEO thanked the committee for inviting Councillors to attend ARIC meetings on a rotational basis.

The committee discussed further mechanisms which could improve communication and advice on key issues to the governing body, including notable discussions and observations.

Items for notation to the governing body from this ARIC meeting are as follows:

Kimbriki Environmental Enterprises - KEE provided its annual briefing to the ARIC, reporting strong financial results over the year

Service reviews – highlighted the importance of Councillor input

Project COSMO - the transition was identified as well managed according to the Audit Office

Audit Office of NSW's Engagement Closing Report and Management Letter – provided a clean audit for Northern Beaches Council

Investment policy – an independent review demonstrated it is fit for purpose; when the policy is submitted to Council for approval it will be accompanied by ARIC's advice to assist Council's decision-making

Cyber security risk management – potential benchmarking was discussed

Audit Office's Coastal Management Audit - demonstrated challenges with the NSW Government's oversight and facilitation of the framework and funding.

Items for notation will be captured at each future ARIC meeting and will be included in the reporting of the minutes to the Council.

OUTCOME

The ARIC agreed to provide additional commentary 'items for notation' contained within the ARIC minutes and tabled to the governing body.

14.0 NEXT MEETING

Monday 2 March 2026

The meeting closed at 4:49pm

This is the final page of the Minutes comprising 14 pages of the Audit, Risk and Improvement Committee held on Tuesday 10 December 2025