

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

MONDAY 2 MARCH 2026

**Minutes of the Audit, Risk and Improvement Committee meeting
held on Monday 2 March 2026
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2:00pm**

ATTENDANCE:

Members of the Committee

Chair Stephen Horne (Chair)
Member Robert Lagaida
Member Tiffany Roxburgh
Member Peter Sheville
Member Nicholas Beugeard

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)

Ms May Mei	Associate Director - Financial Audit, Audit Office of NSW
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Guest Attendees

Sue Heins	Mayor
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Visiting Staff

Amy Noakes	Executive Manager Human Resources
Glenn Quince	Team Leader - WHS
Michael McDermid	Manager, Corporate Strategy
Caroline Foley	Chief Financial Officer
Michael Turner	Chief Information Officer
Catherine Macfarlane	Team Leader – Organisational Performance

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1.0 APOLOGIES

Apologies were received from Sue Prichard. May Mei, Associate Director – Financial Audit is attending in her place.

2.0 DISCLOSURES OF INTEREST

Robert Lagaida declared that he has been appointed as Chairperson of the Willoughby City Council Audit, Risk and Improvement Committee.

3.0 CONFIRMATION OF MINUTES

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

OUTCOME

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

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

The ARIC noted that the action items outstanding were being resolved in a report or had been completed prior to the meeting.

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 Chief Executive Officers report included a discussion on the following:

- Operational resourcing constraints.
- COSMO project progress.
- A brief update on special rate variation funding.
- An update on the digitisation of parking stickers across the local government area.
- The release of Office of Local Government complaints statistics.

OUTCOME

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

6.2 SAFETY, WELLBEING AND INJURY MANAGEMENT REPORT

PURPOSE

The purpose of this report is to provide the Audit, Risk, and Improvement Committee (ARIC) with an update on Work Health & Safety (WHS), Workers Compensation (WC) and Wellbeing during the period 1 July 2025 to 31 December 2025.

DISCUSSION

The Executive Manager Human Resources and Team Leader – WHS attended for this item.

The ARIC discussed psychosocial claim trends and costs in comparison to physical claim costs, and explored root causes of claims and costs. Trends were unable to be established due to the low number of claims.

The ARIC discussed an increased number of notifications and noted it was a reflection of the strong reporting culture that has been embedded through regular communications, availability of information and variety of wellbeing program initiatives promoting health and wellbeing.

The ongoing focus on physical risks was also discussed, with the ARIC requesting further analysis on severity of incidents and any emerging trends with the intention to understand how the physical risk profile can be reduced.

ACTIONS

Provide further analysis on physical incidents, looking at severity and any emerging trends to assist in understanding how the physical risk profile can be reduced.

OUTCOME

That the Audit, Risk and Improvement Committee note the update on Work Health Safety, Workers Compensation and Wellbeing as of March 2026.

6.3 SPECIAL VARIATION UPDATE 2025/26 - PROJECT EXPENDITURE PROGRAM AND SAVINGS INITIATIVES AS AT 31 DECEMBER 2025

PURPOSE

The purpose of this report is to update the Audit Risk and Improvement Committee (ARIC) on the progress of Council's Special Variation Expenditure Program and savings initiatives (2025/26) as at 31 December 2025 and in line with expectations set out in the 2025-2029 Delivery Program and Budget.

DISCUSSION

The Chief Operating Officer introduced the report and discussed Council's commitment to delivering the Special Variation Expenditure program and savings initiatives, importance of the established governance framework for the program, and monitoring progress of works across all programs to ensure delivery.

The ARIC discussed the monitoring of the asset renewal and maintenance ratios and noted the operational savings are on track.

OUTCOME

That the Audit Risk and Improvement Committee note the progress of Council's Special Variation Expenditure Program and savings initiatives 2025/26, as at 31 December 2025.

6.4 FINANCE UPDATE

PURPOSE

The purpose of this report is to provide an update on the financial performance of the Council as at 31 December 2025.

DISCUSSION

In line with the Auditor General's recommendation, the financial report will be presented quarterly to the ARIC. The report confirmed that Council is on track to meet financial and asset performance benchmarks this financial year.

The ARIC discussed the new format for the Quarterly Budget Review Statement provided by the Office of Local Government (OLG), and how this compared with the previous format used by Council. The committee enquired on the revised depreciation forecast and revised internal allocations, and it was confirmed that the changes are due to recent asset revaluations which resulted in higher unit costs and the implementation of the internally restricted cash reserves, resolved by Council at the October 2025 meeting (273/25).

OUTCOME

That the Audit, Risk and Improvement Committee note the finance update for the quarter ended 31 December 2025.

6.5 ENTERPRISE RESOURCE PLANNING (ERP) - PROGRAM COSMO UPDATE

PURPOSE

This report updates the Audit, Risk and Improvement Committee (ARIC) on the progress of the Northern Beaches Council's Enterprise Resource Planning (ERP) Program, known as COSMO, specifically the status of Release 2 (R2) as of February 2026.

DISCUSSION

The Chief Operating Officer (COO) confirmed that significant work has been undertaken to plan ahead for functional and user acceptance testing that is due to occur in the second half of 2026. The aim is to ensure teams are resourced adequately to complete testing while managing risks to staff well-being and operational business as usual.

The Chair highlighted the comprehensive governance framework in place for this project. The risk register was discussed and key risks highlighted were vendor resourcing constraints and data migration. The COO confirmed that mitigation strategies are in place to manage risks relating to vendor resourcing constraints. The Chief Information Officer confirmed that data migration is a focus area and the team are working closely with KPMG and the vendor on the nuances and mapping for migration of data.

The COO confirmed the project budget is on track with contingency retained and no cost overruns identified to date.

OUTCOME

That the Audit Risk and Improvement Committee note 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 focusing on trends in numbers and outcomes.

The ARIC discussed the provision of complaint data and outcomes to business units to assist with procedural review and improvement.

OUTCOME

That the Audit, Risk and Improvement Committee note the report, and the change to scheduling of the report from July and December to March and September each year.

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 highlighted:

- The progress of the 4 year internal audit plan with all year 1 audits completed and year 2 audits tracking well.
- The audit plan has been harmonised with the COSMO project and service review program, ensuring team workloads are not impacted.
- Audit recommendations are on track, with dates revised for a number of recommendations due to timing conflicts with the COSMO project, and service reviews.

The Chair discussed the planning challenges involved with introduction of the service review program into the Integrated Planning and Reporting Framework and ensuring that the internal audit and service review programs are harmonised.

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 the December 2025 ARIC.
 3. The status of audit recommendations and opportunities generated in previous internal audits.
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8.0 IMPROVEMENT

8.1 SERVICE REVIEW PROGRAM PROGRESS AND IMPLEMENTATION STATUS AS AT 31 DECEMBER 2025

PURPOSE

The purpose of this report is to provide an overview of Council's Service Review Program and an update on the progress on the implementation of improvement recommendations identified from completed service reviews as at 31 December 2025.

DISCUSSION

The Manager, Corporate Strategy and Team Leader – Organisational Performance attended for this item. It was highlighted that 3 recommendations from a recently completed service review will be included in the next round of reporting.

The committee raised the sustainability of recommendations that come from service reviews and how the implementation and ongoing utilisation is measured or reviewed. The Manager, Corporate Strategy confirmed that recommendations from service reviews will be reviewed at the next service review for the particular area and also noted that there will be factors that may impact the ongoing utilisation of the recommendations over time such as system changes.

The committee discussed the methodology of how the service review program is set each year and the governance of the recommendations if it is determined that they will not be implemented. They also raised the opportunity that a consolidated benefit realisation of the service review program could bring to demonstrate the value being delivered across Council services.

OUTCOME

That the Audit, Risk and Improvement Committee note the progress of Council's Service Review Program and implementation plans.

8.2 NORTHERN BEACHES CONTINUOUS IMPROVEMENT PROGRAM

PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvement Committee (ARIC) with an update on Council's continuous improvement program.

DISCUSSION

The Manager, Corporate Strategy highlighted that there were 66 improvements for the first half of the year, noting the target set is 250, but recognising that resources are focused on the COSMO project.

The committee discussed relaunching the program post the implementation of COSMO; for staff to be given time to learn and adjust to the new system.

OUTCOME

That the Audit, Risk and Improvement Committee note the progress of Council's continuous improvement program.

8.3 PERFORMANCE REPORTING UPDATE - DECEMBER 2025**PURPOSE**

The purpose of this report is to advise the Audit Risk and Improvement Committee (ARIC) of Council's performance as of December 2025 against measures in Council's Operational Plan 2025/26.

DISCUSSION

The ARIC discussed the measures in the performance report, delivery program and community strategic plan and how they are related.

OUTCOME

That the Audit, Risk and Improvement Committee note Council's Performance Report as of December 2025.

9.0 FRAUD AND RISK MANAGEMENT**9.1 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 highlighted the following items:

- Council has appointed a panel for the recruitment of a new ARIC Chairperson
- Legislative compliance program is progressing and compliance obligations have been attested to.
- The risk register review process raised some additional high risks, and in turn initiated the governance process of risk appetite statements with one high risk action plan being accepted by the chief executive team.
- The revised strategic risk register is underway and being built out.
- Insurance coverage was renewed with Statewise Mutual.

The ARIC discussed the risk maturity review that is being undertaken, suggesting that post completion of the review that the risk management roadmap is updated.

ACTIONS

Post the completion of the risk maturity review the risk management roadmap is updated and reported back to ARIC.

OUTCOME

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

11.0 EXTERNAL AUDIT

11.1 AUDITOR GENERAL'S REPORT ON LOCAL GOVERNMENT 2025

PURPOSE

The purpose of this report is to consider the NSW Auditor-General's Report on Local Government 2025.

DISCUSSION

The Chief Financial Officer attended for this item and provided a brief review of the report noting the following items:

- Financial sustainability across the industry is a key issue identified within the report.
- The Audit Office identified that it has seen improvement in the sector with regards to reporting.
- Infrastructure contributions were reviewed with concerns noted about slow expenditure in some Councils.
- The Office of Local Government capital expenditure guidelines were identified as being dated with a recommendation that they are reviewed to ensure they are helpful for the sector.

The Chair noted that the Auditor General raised the governance of Artificial Intelligence (AI). It highlighted that Council's adoption of AI could be beneficial in areas of resource constraint, and a challenge faced by the industry is the risk involved in the governance of AI.

The Chair commended Council on its existing cyber work to date and raised that the ARIC would like to explore governance of AI risk, focusing on the governance considerations and policies Council has or have thought about to address risk. The Chief Operating Officer confirmed that this information can be reported at a future ARIC meeting.

ACTIONS

The ARIC would like to explore governance of AI risk, focusing on the governance considerations and policies Council has or have thought about to address risk.

OUTCOME

That the Audit, Risk and Improvement Committee note the Auditor-General's Report on Local Government 2025.

S.1 AUDIT OFFICE ANNUAL ENGAGEMENT PLAN 2026**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 2025 to 30 June 2026 to the Audit, Risk and Improvement Committee.

DISCUSSION

The Associate Director, Financial Audit addressed the ARIC on this report highlighting the key audit focus areas for the 2025/2026 financial year:

- Evaluation of infrastructure, property, plant, and equipment assets held by council.
- Rehabilitation provision relating to Kimbriki landfill sites.
- Grants and contributions.
- Phase 1 of the transition to COSMO.
- Fraud and IT Risk, this will be looked at for all council's this year.

The Committee noted that a guideline from the Office of Local Government on sustainability reporting will be coming, however it will not be required for this financial year. They also enquired on an item to be looked at in the upcoming financial audit regarding management of journal entries and the controls in place. The Chief Financial Officer confirmed that detailed procedures are in place and controls are built into the system ensuring staff are not able to approve their own journals.

ACTIONS

Governance to send out meeting invite for the Extraordinary ARIC meeting for the review of draft financial statements.

COMMITTEE RESOLUTION

That the Audit, Risk and Improvement Committee note the Audit Office of NSW's Annual Engagement Plan for the audit of the financial statements for the period 1 July 2025 to 30 June 2026.

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 June 2026 meeting.

DISCUSSION

The Committee noted the agenda items and requested a summary of the Long Term Financial Plan be provided at the September meeting.

ACTION

A summary of the Long Term Financial Plan be provided at the September 2026 ARIC meeting.

OUTCOME

That the Audit, Risk and Improvement Committee discuss the proposed June 2026 agenda.

13.2 ITEMS FOR NOTATION FOR THE GOVERNING BODY

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

Program COSMO – the ARIC has reviewed each project update and highlights its confidence in the governance framework in place for this project.

Special Rate Variation program – the ARIC will receive regular reporting on the program, with the initial report outlining the robust governance framework that has been implemented.

14.0 NEXT MEETING

Wednesday 10 June 2026

The meeting closed at 5:02pm

This is the final page of the Minutes comprising 15 pages of the Audit, Risk and Improvement Committee held on Monday 2 March 2026.