



**MINUTES OF THE  
MEETING OF THE AUDIT, RISK AND  
IMPROVEMENT COMMITTEE**

commencing at 12:30pm on

**WEDNESDAY 23 OCTOBER 2024**

By Teams

**MINUTES OF THE  
AUDIT, RISK AND IMPROVEMENT COMMITTEE  
HELD BY TEAMS  
ON WEDNESDAY 23 OCTOBER 2024 AT 12:30PM**

- PRESENT:** Mr D Pendleton (Chair)  
Mr J Mitchell  
Ms R Wheatley  
Councillor M Lawton (non-voting)
- IN ATTENDANCE:** Jane Stroud - Chief Executive Officer  
Seren McKenzie – Acting Director Infrastructure and Liveability  
Joe Gaudiosi – Chief Operating Officer  
Olena Tulubinska – Chief Financial Officer  
Sally Darragh – Internal Auditor  
Renee Winston – Manager People and Performance  
Michael Kharzoo – Director - Financial Audit | NSW Audit Office  
Mubashshir Hassan – Associate Director - Financial Audit | NSW Audit Office  
Dane Parsons – Internal Audit Manager | InConsult
- OBSERVERS:** Councillor C McDonald (Mayor), Councillor M Matters

The Chair welcomed Cr Lawton as the new Councillor non-voting Committee member.  
The Chair invited members to introduce themselves and provide a background of their relevant experience to the Committee.

## **1 APOLOGIES**

Ed Paterson, Acting Director Planning, Environment and Communities.

## **2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS**

The Chair declared the meeting open and acknowledged the traditional owners:

*“On behalf of those present, I would like to show my respect and acknowledge the traditional owners of the Land, of Elders past and present, on which this meeting takes place, and extend that respect to other Aboriginal and Torres Strait Islander people present.”*

## **3 DECLARATIONS OF INTEREST**

Nil.

## 4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 4.1 Audit, Risk and Improvement Committee meeting on 30 July 2024

#### *24/025ARIC*

**Resolved** that the Minutes of the Audit, Risk and Improvement Committee meeting held on 30 July 2024 and submitted to the 15 August 2024 ordinary Council meeting, and the meeting notes from the 29 August 2024 meeting be received and accepted.

(Members Mitchell and Wheatley)

## 5 BUSINESS ARISING

Nil.

## 6 ARIC ACTIONS ARISING

### 6.1 Actions arising from previous meetings

#### *24/026ARIC*

**Resolved** that the Audit, Risk and Improvement Committee notes the report on action items arising from previous meetings.

(Members Wheatley and Mitchell)

## 7 ARIC STANDARD REPORTS

### 7.1 Update on internal audit activities

#### *24/027ARIC*

**Resolved** that the Audit, Risk and Improvement Committee:

1. Notes the findings and recommendations relating to the asset management internal audit report, and requests that the CEO identifies target dates that can be brought forward to progress items and report this to the next ARIC meeting.
2. Endorse the ARIC annual report for inclusion in Council's 2024 annual report.

(Members Mitchell and Wheatley)

Noted:

- InConsult provided an overview of their audit completed on asset management. This was a large audit comparing Council's asset management practices using the National Asset Management Assessment Framework.
- There were 9 areas that Council did not meet core elements of the Framework standards.
- The audit was delayed by the introduction of 3 community projects resulting from a Council resolution and because of staffing availability / changes.

- The audit findings indicate asset management practices are immature and resulted in 38 recommendations.
- The Committee questioned the target dates for implementing some of the recommendations and the staff will review these and identify some actions that can be brought forward. The new dates will be reported to the next meeting.
- Council is working on implementing asset management within the TechOne system as a priority.
- Member Wheatley recommended a criticality analysis of assets to help prioritise maintenance / works.
- Asset management issues were also identified in the service reviews and the procurement audit.
- Council does not have a standard construction contract for capital constructions and Member Wheatley recommended using AS2124.
- Council has a low level of project management maturity. The Committee discussed in some detail the Gerringong Surf Club build.
- A Lease Policy is being developed that will provide consistency across the Municipality.

## **7.2 Progress report on implementation of audit recommendations**

### **24/028ARIC**

**Resolved** that the Audit, Risk and Improvement Committee notes the information in the progress reports for:

1. Internal audit recommendations
2. CRIP audit recommendations
3. Child Safe Monitoring Assessment recommendations.

(Members Wheatley and Mitchell)

Noted:

- The 38 recommendations from the InConsult Audit into asset management will be included in the next progress report.
- Currently 12 recommendations out of 125 are outstanding.
- Internal Auditor meets regularly with staff about progressing recommendations and these are included in Managers' KPIs and performance reviews.
- Recommendation R7 Code of Conduct refresher target completion date was July 2024.
- **Action:** CEO to report on progressing the timeframe for recommendation R7 Code of Conduct refresher completion.

## **7.3 Enterprise Risk Report**

### **24/029ARIC**

**Resolved** that the Audit, Risk and Improvement Committee note the information in the Enterprise Risk report.

(Members Wheatley and Mitchell)

Noted:

- New *Guidelines for Risk Management and Internal Audit for Local Government in NSW* came into effect in July 2024.
- CivicRisk Mutual have engaged InConsult to undertake CRIP assessments of member councils.
- Asset management will be added as a separate risk to the Strategic Risk Register

- Risk appetite statements will be endorsed by the new Council, scheduled for the December 2024 meeting.
- HSE Global are undertaking a safety culture audit of the organisation
- The Committee discussed the change in settlement date for the Blue Haven Bonaira sale and the impact of the building defects, noting any variations will need Council endorsement.

#### **7.4 Monthly Financial Report - August 2024**

##### **24/030ARIC**

**Resolved** that the Audit, Risk and Improvement Committee receives and notes the Monthly Financial Report for August 2024.

(Members Wheatley and Mitchell)

Noted:

- Continuing to improve reporting, eg posting journal adjustments and general ledger movements monthly, which will be reflected in the QBR
- **Action:** COO and CFO to provide full year budget and full year forecast, and quarterly or six monthly project targets in terms of P&L.
- Capitalisation of salaries is a concern and processes have been improved to capture this as projects commence and progress.

#### **7.5 Statement of Investments - September 2024**

##### **24/031ARIC**

**Resolved** that the Audit, Risk and Improvement Committee notes the information relating to the Statement of Investments as at 30 September 2024 and that the CEO undertakes an investigation into the ING investment breach.

(Members Wheatley and Mitchell)

Noted:

- Disaster Recovery funding is still to be received.
- The Committee expressed concern about portfolio compliance and counter party limits, with a slight overweight position with ING (33% actual exposure versus 30% limit). Council's external investment advisor stated it was an immaterial and temporary breach however the Committee questioned whether this constituted a delegation breach.
- The Chair advised that authority to invest was based on counter party limits and would require a resolution if the position moved outside the policy parameters.
- **Action:** The CEO to review the Council report and decision from the August ordinary meeting in relation to investments and advise of the process going forward.

#### **7.6 Draft Annual Financial Statements 2023-24**

##### **24/032ARIC**

**Resolved** that the Audit, Risk and Improvement Committee:

1. endorse the Draft Financial Statements for 2023-24 to be presented to Council at the next Council meeting.

2. acknowledge the work done by the Finance team and the Audit Office.

(Members Mitchell and Wheatley)

Council officers Debra Webb (Financial Manager) and Liam Mikleus (Financial Accountant) joined the meeting at 2.04pm.

Noted:

- CFO explained that only minor changes had been made since the draft statements were presented to ARIC in August 2024.
- The Committee acknowledged the exceptional work undertaken by the Council Finance team and the NSW Audit Office and the outstanding collaboration.
- The 2023-24 statements are the fourth set of financial statements presented to ARIC in the past 18 months.
- The Committee confirmed that they were happy with the wording in the statements as presented.

Michael Kharzoo from the NSW Audit Office presented to the Committee, commenting on

- (a) the big improvement and outstanding work of the Finance team
- (b) achieving 2 audit processes in one year and meeting the timeframe of 31 October
- (c) how the clean audit opinion and removal of qualification was arrived at and acknowledging the work that went into achieving this
- (d) areas of focus moving forward – revaluations, values of assets, cyber security, aged care facility divestment.

## **7.7 IT Data Breach Incident Report**

### **24/033ARIC**

**Resolved** that the Audit, Risk and Improvement Committee:

1. Notes the information in relation to the data breach report and actions taken.
2. Notes that cyber security risk for Council is rated as a significant strategic risk and management is working on strengthening internal controls to mitigate this risk.

(Members Wheatley and Mitchell)

Noted:

- A change in structure means that the IT team now reports to the CFO.
- The risk from the breach was contained in line with the incident response plan and mitigating actions put in place.
- The Cyber Security Policy will include staff requirement to complete training before being issued with a device.
- Internal penetration testing was undertaken by Cyber Security NSW and planning regular phishing exercises to build on training continues.

## **8 INFORMATION REPORTS**

Nil.

## **9 GENERAL BUSINESS**

Next meeting is on Tuesday 3 December 2024.

## **10 CLOSURE**

There being no further business the meeting closed at 2.40pm  
These Minutes were confirmed at the Ordinary Meeting of Council  
held on 20 November 2024

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Chair