



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

**commencing at 10am on**

**WEDNESDAY 4 DECEMBER 2024**

Council Chambers, 11 Manning Street, KIAMA NSW 2533

---

**MINUTES OF THE  
AUDIT, RISK AND IMPROVEMENT COMMITTEE  
HELD IN THE COUNCIL CHAMBERS  
ON WEDNESDAY 4 DECEMBER 2024 AT 10AM**

**PRESENT:** Mr David Pendleton (Chair)  
Mr Jim Mitchell  
Ms Rhonda Wheatley – by Teams  
Councillor Melinda Lawton (non-voting)

**IN ATTENDANCE:** Joe Gaudiosi – Chief Operating Officer  
Peter Luke – Acting Director Infrastructure and Liveability  
Ed Paterson – Director Planning, Environment and Communities  
Olena Tulubinska – Chief Financial Officer – by Teams  
Sally Darragh – Internal Auditor  
Renee Winston – Manager People and Performance  
Kimberley Norton – Head of Implementation  
Mubashshir Hassan – Associate Director - Financial Audit | NSW  
Audit Office – by Teams  
Mayor, Councillor Cameron McDonald – by Teams  
Orlando Barrun – Chief Information Security Officer – Illawarra  
Regional Councils

## **1 APOLOGIES**

Received from:

Jane Stroud, Chief Executive Officer

Michael Kharzoo – Director - Financial Audit | NSW Audit Office

## **2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS**

The Chair acknowledged the traditional owners.

## **3 DECLARATIONS OF INTEREST**

Nil.

## 4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 4.1 Audit, Risk and Improvement Committee meeting on 23 October 2024

#### *24/034ARIC*

**Committee recommendation** that the Minutes of the Audit, Risk and Improvement Committee meeting held on 23 October 2024, and endorsed by Council at the 20 November 2024 ordinary meeting, be received and accepted.

(Member Mitchell)

## 5 BUSINESS ARISING FROM THE MINUTES

Nil.

## 6 ARIC ACTIONS ARISING

### 6.1 Actions arising from previous meetings

#### *24/035ARIC*

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

(Member Mitchell)

Action item 7.5 from the 23 October 2024 meeting and action item 7.6 from the 12 December 2023 meeting can be closed.

The COO introduced the new staff present being Ed Parterson (Director Planning, Environment and Communities), Kimberley Norton (Head of Implementation) and Peter Luke (acting Director Infrastructure and Liveability).

## 7 ARIC STANDARD REPORTS

### 7.1 Cyber Security Policy

#### *24/036ARIC*

**Committee recommendation** that the Audit, Risk and Improvement Committee note the Cyber Security Policy.

(Member Mitchell)

Orlando Barrun entered the meeting at 10.12am.

Discussion points:

- Orlando explained his role working with Illawarra councils to ensure policy and strategies are in place.
- The Kiama Cyber Security Policy was developed based on recommendations of the Office of Local Government cyber security guidelines, and alignment with the Kiama Council Community Strategic Plan, Council's risk appetite, Council's risk management framework and the Australian Cyber Security Centre Essential 8.

## 7.2 Statement of Investments - October 2024

### 24/037ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes the information relating to the Statement of Investments as at 30 October 2024.

(Member Mitchell)

Discussion points:

- Counter party limit non-compliance continued in October and was reported to the November Council meeting.
- The Chair suggested that Council review counter party limits and how they work as solid controls around investments are needed.

## 7.3 Quarterly Budget Review and Monthly Financial Statements - September 2024

### 24/038ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes:

1. the quarterly budget review statement and budget changes for the quarter ending 30 September 2024.
2. the Long-Term Financial Plan (LTFP) will be updated and presented to Council at the February 2025 meeting.

(Members Mitchell and Wheatley)

Rhonda Wheatley joined the meeting at 10.41am.

Discussion points

- The big adjustment to the QBR is due to legal expenses and increased waste disposal costs.
- The COO provided an update on the Blue Haven Bonaira sale and noted that a report will be going to the December Council meeting. Council remains confident that settlement will occur in February 2025.

- The delay in the Blue Haven Bonaira sale has eroded Council's operating position by \$5-6M.

#### 7.4 Update on internal audit activities

##### 24/039ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes:

1. the findings and recommendations in the grants management internal audit report.
2. the progress of the audits according to the strategic internal audit plan for 2025-2028.

(Members Wheatley and Mitchell)

Discussion points:

- InConsult continue to work with Finance on recommendations from the internal audit of financial management and will report to the next Audit, Risk and Improvement Committee (ARIC) meeting. The Finance team are currently working through many of the recommendations, while the report is being finalised.
- **Action:** the CEO to invite the Auditor General to an ARIC meeting in 2025, aiming for the April meeting.
- The internal audit of grants management has been completed and given a moderate risk rating. Policy and procedures require strengthening with one of the key findings being the lack of a pre-approval process, where a business case should be put to the executive.
- The Chair suggested that the ARIC's formalised workplan be regularly included in the business papers to ensure the Committee is tracking well and meeting its responsibilities.

Councillor McDonald left the meeting at 10.59am.

#### 7.5 Progress report on implementation of audit recommendations

##### 24/040ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes the information in the progress report for internal audit recommendations and approves the time extensions requested for the Fraud & Corruption internal audit and the Delegations internal audit.

(Members Wheatley and Mitchell)

Discussion points:

- An Asset Management Steering Committee (AMSC) has been established and will review the target dates for actions and report new target dates back to the next meeting of the ARIC.
- Member Rhonda Wheatley recommended the AMSC look at splitting up some of the actions into smaller parts, particularly for those large projects to better track progress being made.

## 7.6 Risk Report

### 24/041ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes the information on risk management activity contained in this report.

(Members Mitchell and Wheatley)

Discussion points:

- The accounts receivable module in TechOne went live in November 2024.
- The TechOne roadmap was approved by Council at the November 2024 meeting.
- Council's Community Transport program has been taken over by Coast and Country Community Services from 29 November 2024.
- The new salary structure went live in November 2024.
- Enterprise Risk Management results are improving however Council's building asset programs and project management require attention.
- Service Reviews have all highlighted facilities maintenance as an issue.

## 7.7 2023-24 Final Audit Management Letter

### 24/042ARIC

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

1. Note the issues identified in the Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2024.
2. Note the progress made by Council in addressing prior year matters raised by external auditors.

(Members Wheatley and Mitchell)

Mubashshir Hassan from the Audit Office presented the Management Letter to the ARIC noting:

- There are 9 current year issues, 2 of them repeat and 7 new with 8 being moderate risk and 1 low.
- Management has closed off 10 issues from 2021-2023 resulting in the unqualified opinion being removed.

- Eleven prior year issues will be treated as part of the 2024-25 audit.
- Internal Auditor confirmed that the Management Letter issues will be added to the register of internal audit recommendations.

## 7.8 2023-24 Audited Financial Statements

### 24/043ARIC

**Committee recommendation** that the Audit, Risk and Improvement Committee notes the audited Financial Statements and the Auditor's Reports for the Year Ended 30 June 2024.

(Members Mitchell and Wheatley)

## 8 GENERAL BUSINESS

The Chair thanked the staff for their achievements throughout the year and wished everyone a merry Christmas.

The COO thanked the ARIC members for their time, commitment and valuable guidance and direction over the past 12 months.

Meeting dates for 2025 will be determined to align with Council meetings and financial statement requirements.

## 9 CLOSURE

There being no further business the meeting closed at 11.23am.

These Minutes were confirmed at the Ordinary Meeting of Council held on 21 January 2025.

.....  
Chair