



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

commencing at 1pm on

TUESDAY 27 FEBRUARY 2024

Council Chambers, 11 Manning Street, KIAMA NSW 2533

MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN THE COUNCIL CHAMBERS, KIAMA,
ON TUESDAY 27 FEBRUARY 2024 AT 1PM

PRESENT: Mr D Pendleton (Chair) and Councillor Keast (non-voting)

BY TEAMS: Mr J Mitchell and Ms R Wheatley

IN ATTENDANCE: Michael Malone - Director Infrastructure and Liveability
Jessica Rippon – Director Planning, Environment and Community
Joe Gaudiosi - Chief Operating Officer
Sally Darragh - Internal Auditor
Olena Tulubinska – Chief Financial Officer
Renee Winston – Manager People and Performance
Galavizh Ahmadi Nia – Manager Community Hubs

OBSERVERS: Michael Kharzoo, Director-Financial Audit | Audit Office
Mubashshir Hassan, Audit Leader – Financial Audit | Audit Office
Mitchell Morley, Director | InConsult
Dane Parsons, Internal Audit Manager | InConsult

1 APOLOGIES

Jane Stroud - Chief Executive Officer

2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

The Chair declared the meeting open and 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 12 December 2023

[24/001ARIC](#)

Resolved that the Minutes of the Audit, Risk and Improvement Committee meeting held on 12 December 2023 be received and accepted.

(Members Mitchell and Wheatley)

5 BUSINESS ARISING FROM THE MINUTES

Nil.

6 ARIC ACTIONS ARISING

6.1 Action items arising from previous meetings

24/002ARIC

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

(Members Wheatley and Mitchell)

Noted:

- Item 7.6 regarding forecasts – the Committee has a year to date but not a full year forecast. This will be supplied at the April meeting noting that the quarterly budget review process effectively provides a revised full year forecast position.
- Item 7.7 regarding unrestricted funds calculation – this resulted from a typographical error which has been corrected.

7 ARIC STANDARD REPORTS

7.1 Update on internal audit activities

24/003ARIC

Resolved that the Audit, Risk and Improvement Committee:

1. notes the findings and recommendations in the fraud and corruption internal audit report
2. notes the findings and recommendations in the Council papers internal audit report.
3. approves the amendment to the internal audit plan for the remainder of FY24.

(Councillors Mitchell and Wheatley)

InConsult presented their Internal Audit Report on Fraud and Corruption Prevention.

Noted:

- Concerns on the low level of staff awareness on who to report to and the process. It is unclear who, in the organisation, holds executive responsibility.
- Concerns on the low level of staff confidence that those who commit fraud or corruption experience any consequences.
- The workplan has been revisited to accommodate recommendations with some urgent steps being taken in March but other recommendations require further investment.
- There are 22 recommendations from this report and 11 are high risk. The committee needs assurance that the proposed timetable reflects this seriousness. InConsult advised they were comfortable with the implementation program but resourcing may affect progress.

- **Action:** the Internal Auditor to arrange for a re-benchmarking on fraud and corruption prevention to occur at an appropriate time in the next 12 to 18 months to measure improvements
- The survey was completed by 79 staff from a broad cross section of the organisation.
- Staff worked with InConsult on messaging to encourage people to complete the survey, using noticeboards / newsletters / intranet, and visiting the depots.
- Amendments to the Internal Audit Plan were noted with the audit on delegations being brought forward.

The Chair thanked InConsult for the quality of the report and their presentation and the InConsult staff left the meeting at 1:40pm.

7.2 Risk and Governance Report

24/004ARIC

Resolved that the Audit, Risk and Improvement Committee note and provide feedback on the risk management activity information contained in this report.

(Members Wheatley and Mitchell)

Noted:

- Risk appetite statements can be restrictive in what they say, effective statements need risk management embedded in the organisation.
- Suggested that the risk rating for Risk 7 be changed as implementation of some of the treatments has been pushed out to June 2025.
- It was explained that Council was somewhat to progressing the 8 cybersecurity guidelines but recent changes with differing requirements to satisfy maturity levels have delayed progress.
- **Action:** IT are to provide details and an update on the 8 cybersecurity guidelines and report to ARIC out of session.
- The Committee agreed to keep a watch on Risk 7 and changes that emerge from implementing the recommendations of the InConsult report.
- **Action:** Manager People and Performance to add additional treatments from the InConsult report to Risk 7 of the Strategic Risk Register.

7.3 Progress report on the implementation of audit recommendations

24/005ARIC

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

1. Internal audit recommendations
2. External audit recommendations
3. CRIP audit recommendations
4. Forsyths recommendations
5. Hopwood Governance Report recommendations
6. Child Safe Monitoring Assessment recommendations.

(Councillors Wheatley and Mitchell)

Noted:

- **Action:** Internal Auditor to add the recommendations of the InConsult report on fraud and corruption to the Internal Audit Recommendations report.
- **Action:** Manager People and Performance to provide further information on the Hopwood report to show what items have been removed from the recommendation table and the reason why.

7.4 Office of Local Government Guidelines for risk management and internal audit - implementation plan

24/006ARIC

Resolved that the Audit, Risk and Improvement Committee notes the key requirements of the Office of Local Government guidelines for risk management and internal audit and approves the action plan for implementation.

(Members Mitchell and Wheatley)

Noted:

- **Action:** The Chair and Internal Auditor will work on the Workplan for the next 4 years and circulate to the Committee before June 2024.
- **Action:** Internal Auditor to send the final terms of reference document to the Committee, noting that the term of membership is still to be decided.

Manager People and Performance left the meeting at 2.25pm.

7.5 Quarterly Budget Review and Monthly Financial Statements December 2023

24/007ARIC

Resolved that the Audit, Risk and Improvement Committee:

1. notes the quarterly budget review statement for the quarter ending 31 December 2023.
2. notes the operational revenue, expenditure, and capital budget adjustments as provided in the December quarterly budget review.
3. notes the monthly financial statements for period ending December 2023.

(Members Wheatley and Mitchell)

7.6 Statement of Investments: January 2024

24/008ARIC

Resolved that the Audit, Risk and Improvement Committee notes:

1. the information relating to the Statement of Investments as at 31 January 2024
2. the transfer of \$1,000,000 to the Land Development Reserve from Unrestricted Funds
3. the restricted funds position outlined in the report.

(Members Mitchell and Wheatley)

Manager Community Hubs entered the meeting at 2:35pm.

7.7 Chief Financial Officer - verbal update on financial statements

24/009ARIC

Resolved that the Audit, Risk and Improvement Committee notes the verbal update at the meeting by the Chief Financial Officer on the progress of the 2022/2023 financial statements.

(Members Mitchell and Wheatley)

Michael Kharzoo from the Audit Office also gave a verbal update on progress with the financial statements.

Noted:

- There are issues with disclosures and values around the Blue Haven sale and the Akuna Street legal case – to be discussed with lawyers and the Audit Office to determine the extent of disclosure.
- CFO advised that the financial statements are progressing and the auditors will have a draft by the end of the week.
- **Action:** COO, CFO and the Audit Office to determine the timetable for presentation of the financial statements to the Committee.

8 GENERAL BUSINESS

Nil.

Audit Office staff let the meeting 2:48pm.

9 CONFIDENTIAL REPORTS

9.1 Kiama Leisure Centre - Service Review

Manager Community Hubs presented the findings of the Morrison Low report on the Kiama Leisure Centre service review.

Director Infrastructure and Liveability left the meeting at 2:59pm

9.2 Blue Haven Update

24/010ARIC

Resolved that the Audit, Risk and Improvement Committee notes the information provided in the Blue Haven Update report.

(Members Wheatley and Mitchell)

10 CLOSURE

There being no further business the meeting closed at 3.07pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 19 March 2024.

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Chair