

# MINUTES – 10 October 2024



## PORT STEPHENS C O U N C I L

Minutes of the Audit, Risk and Improvement Committee of Port Stephens Council held in the Committee Rooms, Raymond Terrace on – 10 October 2024, commencing at 4.05pm.

### PRESENT:

Chair: Deborah Goodyer

Members in attendance: Frank Cordingley, Paul Dunn

Officers in attendance: Tim Crosdale, General Manager, Greg Kable, Director Facilities & Infrastructure, Steve Peart, Director Community Futures, Zoe Pattison, Director Corporate Strategy & Support, Glen Peterkin, Finance Section Manager, Tony Wickham, Governance Section Manager, Chris Hilkemeijer, Enterprise Risk Manager, Belinda Catford, Corporate Risk Coordinator (observer), Croydon Dowley, Financial Reporting Coordinator (observer).

Guests in attendance: Alex Hardy, Prosperity Advisers (left the meeting at 5.40pm), David Hutchinson, PKF Australia, Martin Matthews, PKF Australia, Nicky Rajani, Audit Office of NSW

Apologies: Nil.

	No Declaration of Interest were received.
--	---

	The Minutes of the Audit, Risk and Improvement Committee meeting held on 1 August 2024 were endorsed.
--	---

# **INDEX**

**SUBJECT**

**PAGE NO**

**ARIC WORKPLAN AND ACTIONS..... 3**

6.1. AUDIT, RISK AND IMPROVEMENT COMMITTEE AND INTERNAL  
AUDIT ANNUAL PERFORMANCE REPORT .....6

**INTERNAL AUDIT ..... 28**

7.1 ANNUAL INTERNAL AUDIT AND STRATEGIC PLAN 2025-2028  
WORKPLANS .....29  
7.2. EXTERNAL QUALITY ASSESSMENT REPORT.....32  
7.3. INTERNAL AUDIT ACTIONS UPDATE .....72

**EXTERNAL AUDIT/FINANCE UPDATE..... 11**

8.1. FINANCIAL MANAGEMENT .....12  
8.2. FINANCIAL STATEMENTS .....13

**RISK MANAGEMENT UPDATE REPORT ..... 14**

9.1. RISK MANAGEMENT UPDATE.....15

**GOVERNANCE AND COMPLIANCE UPDATE ..... 124**

10.1. GOVERNANCE REPORT.....125  
10.2. AUDIT OFFICE OF NSW - ANNUAL WORK PROGRAM 2024-2027 .....172

**ICT AND CYBER SECURITY UPDATE..... 219**

11.1. ICT AND CYBER SECURITY UPDATE .....220

**SERVICE REVIEW AND BUSINESS IMPROVEMENT UPDATE..... 225**

12.1. INTEGRATED PLANNING AND REPORTING .....226

# GENERAL MANAGER'S UPDATE

**Item No. 5**

The General Manager provided an overview of the new Council Induction program. The new Council are being provided with a comprehensive induction program that will give the newly elected Council an insight into “Life as elected member”.

The General Manager informed the ARIC that Mayor Leah Anderson was elected and 9 Councillors have been declared – 4 new councillors and 5 returning councillors from past terms.

The General Manager noted Mayor Anderson was a past member of the Audit Committee and ARIC in recent times.

The ARIC was advised the End of Year Financial Statements will be presented to Council on 22 October 2024. Council will shortly commence the next budget and Council priorities process.

The ARIC Chairperson advised that the ARIC members are available to meet with the new Council.

# ARIC WORKPLAN AND ACTIONS

**ITEM NO. 6.1**

**FILE NO: 24/263647  
EDRMS NO: PSC2015-01492**

**AUDIT, RISK AND IMPROVEMENT COMMITTEE AND INTERNAL AUDIT  
ANNUAL PERFORMANCE REPORT**

REPORT OF: DEBORAH GOODYER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Approve the Audit, Risk and Improvement Committee and Internal Audit Annual Performance Report – Year ending 30 June 2024.
- 2) Provide the Audit, Risk and Improvement Committee and Internal Audit Annual Performance Report – Year ending 30 June 2024 to Council and the Council's Executive Team.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	<p>That the Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"><li>1) Approve the Audit, Risk and Improvement Committee and Internal Audit Annual Performance Report – Year ending 30 June 2024.</li><li>2) Provide the Audit, Risk and Improvement Committee and Internal Audit Annual Performance Report – Year ending 30 June 2024 to Council and the Council's Executive Team.</li></ol>
--	--

Note: The Chairperson advised that commentary will be included in the compliance management section of the report.

The motion was carried.

# INTERNAL AUDIT

**ITEM NO. 7.1**

**FILE NO: 24/263662  
EDRMS NO: PSC2021-03053**

**ANNUAL INTERNAL AUDIT AND STRATEGIC PLAN 2025-2028 WORKPLANS**

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Endorse the 2025 Internal Audit Plan and the 4 year Strategic Internal Audit work plan.
- 2) Approve the key performance indicators included in this report.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	<p>That the Audit, Risk and Improvement Committee:</p> <ul style="list-style-type: none"><li>1) Endorse the 2025 Internal Audit Plan and the 4 year Strategic Internal Audit work plan.</li><li>2) Approve the key performance indicators (KPI) as follows:<ul style="list-style-type: none"><li>a) Percentage of recommendations accepted.</li><li>b) Percentage of internal audits completed on time and on budget.</li><li>c) Number of internal audit actions (agreed actions) that are open, closed or past due date.</li><li>d) Number of internal audit actions implemented per year.</li></ul></li><li>3) That a KPI trend report be provided over time.</li></ul>
--	--

The motion was carried.



**ITEM NO. 7.2**

**FILE NO: 24/268704  
EDRMS NO: PSC2015-01492**

**EXTERNAL QUALITY ASSESSMENT REPORT**

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the External Quality Assessment Report at **ATTACHMENT 1.**
- 2) Endorse the Improvement Roadmap at **ATTACHMENT 2.**

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	<p>That the Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"><li>1) Receive and note the External Quality Assessment Report at <b>ATTACHMENT 1.</b></li><li>2) Endorse the Improvement Roadmap at <b>ATTACHMENT 2.</b></li><li>3) The Committee be provided with ongoing progress updates on the Improvement Roadmap.</li></ol>
--	---

The motion was carried.

**ITEM 7.3 - ATTACHMENT 1 INTERNAL AUDIT FINDINGS.**

**ITEM NO. 7.3**

**FILE NO: 24/271971  
EDRMS NO: PSC2021-03053**

**INTERNAL AUDIT ACTIONS UPDATE**

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note Internal Audit Actions Update.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note Internal Audit Actions Update.
--	--

The motion was carried.

# EXTERNAL AUDIT/FINANCE UPDATE

**ITEM NO. 8.1**

**FILE NO: 24/243623  
EDRMS NO: PSC2015-01492**

**FINANCIAL MANAGEMENT**

REPORT OF: GLEN PETERKIN - FINANCIAL SERVICES SECTION MANAGER  
DIRECTORATE: CORPORATE STRATEGY AND SUPPORT

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the review findings of the Supplier Payments and Purchasing Card Transaction reports.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note the review findings of the Supplier Payments and Purchasing Card Transaction reports.
--	---

The motion was carried.

**ITEM NO. 8.2**

**FILE NO: 24/254539  
EDRMS NO: PSC2015-01492**

**FINANCIAL STATEMENTS**

REPORT OF: GLEN PETERKIN - FINANCIAL SERVICES SECTION MANAGER  
DIRECTORATE: CORPORATE STRATEGY AND SUPPORT

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Endorse the draft financial statements and for the financial year ended 30 June 2024 **(ATTACHMENT 1)**.
- 2) Endorse the special schedules for the financial year ended 30 June 2024 **(ATTACHMENT 1)**.
- 3) Receive and note the Audit Engagement Closing Report from the NSW Auditor General **(TABLED DOCUMENT)**.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	<p>That the Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"><li>1) Endorse the draft financial statements and for the financial year ended 30 June 2024 <b>(ATTACHMENT 1)</b>.</li><li>2) Endorse the special schedules for the financial year ended 30 June 2024 <b>(ATTACHMENT 1)</b>.</li><li>3) Receive and note the Audit Engagement Closing Report from the NSW Auditor General <b>(TABLED DOCUMENT)</b>.</li></ol>
--	--

Note: That consideration be given the timetable for providing the draft Financial Statements prior to the consolidation of the Newcastle Airport financials in future years.

The motion was carried.

# **RISK MANAGEMENT UPDATE REPORT**

**ITEM 9.1 - ATTACHMENT 3 STATECOVER ANNUAL REPORT (PSC) - AUGUST 2024.**

**ITEM NO. 9.1**

**FILE NO: 24/256056  
EDRMS NO: PSC2024-01598**

**RISK MANAGEMENT UPDATE**

REPORT OF: CHRIS HILKEMEIJER - ENTERPRISE RISK MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the Risk Management Report.
- 

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note the Risk Management Report.
--	---

The motion was carried.

# GOVERNANCE AND COMPLIANCE UPDATE



**ITEM NO. 10.1**

**FILE NO: 24/248291  
EDRMS NO: PSC2024-01598**

**GOVERNANCE REPORT**

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the report.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

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

The motion was carried.

**ITEM NO. 10.2**

**FILE NO: 24/254649  
EDRMS NO: PSC2015-01492**

**AUDIT OFFICE OF NSW - ANNUAL WORK PROGRAM 2024-2027**

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER  
DIRECTORATE: GENERAL MANAGER'S OFFICE

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the Audit Office of NSW Annual Work Program 2024-2027.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note the Audit Office of NSW Annual Work Program 2024-2027.
--	--

Note: The ARIC requested that future reports from the NSW Audit Office be provided out of cycle.

The motion was carried.

# ICT AND CYBER SECURITY UPDATE

**ITEM NO. 11.1**

**FILE NO: 24/254606  
EDRMS NO: PSC2015-01492**

**ICT AND CYBER SECURITY UPDATE**

REPORT OF: ZOE PATTISON - DIRECTOR CORPORATE STRATEGY AND SUPPORT  
DIRECTORATE: CORPORATE STRATEGY AND SUPPORT

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the contents of this report.

---

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note the contents of this report.
--	--

The motion was carried.

# **SERVICE REVIEW AND BUSINESS IMPROVEMENT UPDATE**

**ITEM NO. 12.1**

**FILE NO: 24/254517  
EDRMS NO: PSC2015-01492**

**INTEGRATED PLANNING AND REPORTING**

**REPORT OF: ZOE PATTISON - DIRECTOR CORPORATE STRATEGY AND SUPPORT**  
**DIRECTORATE: CORPORATE STRATEGY AND SUPPORT**

---

**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the contents of this report.
- 

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 10 OCTOBER 2024  
MOTION**

	That the Audit, Risk and Improvement Committee receive and note the contents of this report.
--	--

The motion was carried.

There being no further business the meeting closed at 5.44pm.