

# MINUTES – 27 February 2025



Minutes of the Audit, Risk and Improvement Committee of Port Stephens Council held in the Committee Rooms, Raymond Terrace on – 27 February 2025, commencing at 4pm.

## PRESENT:

Chair: Deborah Goodyer

Members in attendance: Frank Cordingley, Paul Dunn, Deborah Goodyer.

Officers in attendance: Tim Crosdale, General Manager, Phil Miles, Acting Director Facilities & Infrastructure, Ryan Falkenmire, Acting Director Community Futures, Glen Peterkin, Acting Director Corporate Strategy and Support, Chris Hilkemeijer, Enterprise Risk Manager, Croydon Dowley, Acting Finance Section Manager.

Guests in attendance: Councillor Jason Wells, David Hutchison, PKF, Martin Matthews, PKF, Nicky Rajani, Audit Office of NSW, Rhodora De Ramos, Prosperity Advisors.

Apologies: Steve Peart, Director Community Futures, Zoe Pattison, Director Corporate Strategy and Support, Greg Kable, Director Facilities and Infrastructure, Tony Wickham, Governance Section Manager, Alex Hardy, Prosperity Advisors.

	The Minutes of the Ordinary Meeting of Port Stephens Council Audit Risk and Improvement Committee held on 10 October 2024 were endorsed.
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	No Declaration of Interest was received.
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# GENERAL MANAGER'S UPDATE

## **AUDIT RISK AND IMPROVEMENT COMMITTEE - 27 FEBRUARY 2025**

The General Manager provided an update on the following topics:

1. An update was provided on the financial, governance and reputational risk associated with Newcastle Airport as it relates to Port Stephens Council.
2. Advised of the NSW Environmental Protection Authority (EPA) penalty for an offense under the Protection of the Environment Operations Act 1997 relating to Fly Point project in June 2024.
3. That an Information Communication and Technology (ICT) Outage occurred from 16-18 January 2025 with:
  - a. Business Continuity Plan (BCP) enacted
  - b. Emergency Management Response – Council Emergency Operations Centre participation and contribution to Local Government Area response
  - c. Lessons-learnt being applied to review and update plans/responses, including ICT.

### **AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025 MOTION**

	<p>That the Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"><li>1) Note the General Manager's Update.</li><li>2) Receive a copy of the EPA Penalty Notice.</li></ol>
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# **ARIC WORKPLAN AND ACTIONS ARISING FROM THE PREVIOUS MEETING**

**ITEM NO. 5.1**

**FILE NO: 25/35285  
EDRMS NO: PSC2015-01492**

**ARIC WORKPLAN AND ACTIONS ARISING FROM THE PREVIOUS MEETING**

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

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**RECOMMENDATION IS THAT COMMITTEE:**

- 1) Note there are no Audit, Risk and Improvement Committee Workplan actions or actions arising from the previous meeting.

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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	That the Audit, Risk and Improvement Committee note there are no Audit, Risk and Improvement Committee Workplan actions arising from the previous meeting.
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The motion was carried.

# INTERNAL AUDIT

ITEM NO. 6.1

FILE NO: 25/20943  
EDRMS NO: PSC2021-03053

**INTERNAL AUDIT ACTIONS UPDATE**

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

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**RECOMMENDATION IS THAT COMMITTEE:**

- 1) Receive and note Internal Audit Actions Update.
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee receive and note Internal Audit Actions Update.</p> <p><b>Note:</b> The Committee discussed and noted the slipped audit findings (Volunteer Management and Contractor Management) and that the progress commentary doesn't clearly reflect completed actions versus those still outstanding.</p>
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The motion was carried.

**ITEM NO. 6.2**

**FILE NO: 25/28923  
EDRMS NO: PSC2015-01492**

**EXTERNAL QUALITY ASSESSMENT IMPROVEMENT ROADMAP UPDATE**

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

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**RECOMMENDATION IS THAT COMMITTEE:**

- 1) Receive and note the status report of the External Quality Assessment Improvement Roadmap at (**ATTACHMENT 1**).

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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee receive and note the status report of the External Quality Assessment Improvement Roadmap.</p> <p><b>Note:</b> The Chairperson discussed some quality templates can be applied from the new standard, and Council can work with the Internal Auditors to update their approach. Management agreed to update the roadmap with descriptions of the status ratings per the colour coding.</p>
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The motion was carried.

# **EXTERNAL AUDIT/FINANCE UPDATE**

ITEM NO. 7.1

FILE NO: 25/18860  
EDRMS NO: PSC2015-01492

**FINANCIAL MANAGEMENT**

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

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**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the review findings of the Purchasing Card Transaction Report  
**(ATTACHMENT 1).**
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee receive and note the review findings of the Purchasing Card Transaction Report.</p> <p><b>Note:</b> The Committee explored other opportunities for provision of existing exception reporting to ARIC, such as contract variations and payroll. Acting Director Corporate Strategy and Support advised that the team can explore this but is focused in the near term on in the introduction of a new contract management software.</p>
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The motion was carried.

**ITEM NO. 7.2**

**FILE NO: 25/18862  
EDRMS NO: PSC2015-01492**

**EXTERNAL AUDIT UPDATE**

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

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**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the final management letter for the financial year ended 30 June 2024 **(ATTACHMENT 1)**.
- 2) Endorse the audit engagement plan for the financial year ended 30 June 2025 **(ATTACHMENT 2)**.

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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	That the Audit, Risk and Improvement Committee: <ol style="list-style-type: none"><li>1) Receive and note the final management letter for the financial year ended 30 June 2024 <b>(ATTACHMENT 1)</b>.</li><li>2) Endorse the audit engagement plan for the financial year ended 30 June 2025 <b>(ATTACHMENT 2)</b>.</li></ol>
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The motion was carried.

**ITEM NO. 7.3**

**FILE NO: 25/29864  
EDRMS NO: PSC2015-01492**

**ICAC RECOMMENDATIONS ON CORRUPTION PREVENTION**

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

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**RECOMMENDATION IS THAT COMMITTEE:**

- 1) Review and note the report.
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee review and note the report.</p> <p><b>Note:</b> The Committee noted the transparency in identifying areas of non-compliance (page 66 of the report) to support improvement.</p>
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The motion was carried.

# **RISK MANAGEMENT UPDATE REPORT**

ITEM NO. 8.1

FILE NO: 25/28840  
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 - 27 FEBRUARY 2025  
MOTION

	<p>That the Audit, Risk and Improvement Committee receive and note the Risk Management Report.</p> <p><b>Note:</b> The Committee discussed</p> <ul style="list-style-type: none"><li>• The larger number of High-rated incidents and explored their causes for any trends.</li><li>• The effectiveness of controls related to external risks such as “Government risk” and “Revenue Performance and Sustainability”.</li></ul>
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The motion was carried.

# **GOVERNANCE AND COMPLIANCE UPDATE**

ITEM NO. 9.1

FILE NO: 25/20946  
EDRMS NO: PSC2024-01598

## GOVERNANCE REPORT

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

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### RECOMMENDATION IS THAT THE COMMITTEE:

- 1) Receive and note the report.
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## AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025 MOTION

	<p>That the Audit, Risk and Improvement Committee receive and note the report, including additional aspects of:</p> <ul style="list-style-type: none"><li>• Status update on Kingshill Development lodgment of a Notice of Intention to Appeal in the NSW Supreme Court.</li><li>• New legal matter – Park and Shop Pty Ltd – deemed refusal.</li></ul> <p><b>Note:</b> The Committee:</p> <ul style="list-style-type: none"><li>• Discussed the timing of the Property Acquisitions Policy (aligned with another policy under review)</li><li>• Queried whether the number of Code of Conduct breaches was high (question taken on notice, management to confirm).</li></ul>
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The motion was carried.

# ICT AND CYBER SECURITY UPDATE

**ITEM NO. 10.1**

**FILE NO: 25/22306  
EDRMS NO: PSC2015-01492**

**ICT AND CYBER SECURITY UPDATE**

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

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**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the contents of this report.
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee receive and note the contents of this report.</p> <p><b>Note:</b> The Committee:</p> <ul style="list-style-type: none"><li>• Confirmed that management have no major concerns with systems nearing end-of-life.</li><li>• Requested progress updates on the ICT and Cyber Security Plan / Roadmap.</li><li>• Requested management align its actions to the Essential 8.</li></ul>
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The motion was carried.

# **SERVICE REVIEW AND BUSINESS IMPROVEMENT UPDATE**

ITEM NO. 12.1

FILE NO: 25/22438  
EDRMS NO: PSC2015-01492

**INTEGRATED PLANNING AND REPORTING**

REPORT OF: ZOE PATTISON - DIRECTOR CORPORATE STRATEGY AND  
SUPPORT

DIRECTORATE: CORPORATE STRATEGY AND SUPPORT

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**RECOMMENDATION IS THAT THE COMMITTEE:**

- 1) Receive and note the contents of this report.
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee receive and note the contents of this report.</p> <p><b>Note:</b> The Committee:</p> <ul style="list-style-type: none"><li>• Explored relevant external factors being considered in service reviews (noting benchmarking is performed and, for relevant units with stronger external presence, more external data is considered).</li><li>• Requested Council explore the potential for a written methodology for root cause analysis (within the Service Review methodology) to be utilised by internal audit (for consistency).</li></ul>
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The motion was carried.

# GENERAL BUSINESS

**ITEM NO. 13.1**

**FILE NO: 25/39830  
EDRMS NO: PSC2015-01492**

**FUTURE MEETINGS**

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

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**RECOMMENDATION IS THAT COMMITTEE:**

- 1) Note future meeting dates outlined in the report.
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**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING - 27 FEBRUARY 2025  
MOTION**

	<p>That the Audit, Risk and Improvement Committee note future meeting dates outlined in the report.</p> <p><b>Note:</b> The Committee:</p> <ul style="list-style-type: none"><li>• Requested management confirm the 2 October 2025 date in relation to financial statements timing</li><li>• Noted the positive reputation for Port Stephens Council in relation to its approach to Christmas parties (noting the recent media attention for a neighbour Council).</li></ul>
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The motion was carried.

<b>MINUTES AUDIT RISK AND IMPROVEMENT COMMITTEE - 27 FEBRUARY 2025</b>
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There being no further business the meeting closed at 5:40pm.