

Minutes of Meeting

Audit, Risk and Improvement Committee Meeting

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 18 August 2022
Time	11.30AM



BYRON
SHIRE
COUNCIL

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AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

Minutes of the Audit, Risk and Improvement Committee Meeting held on Thursday, 18 August 2022

File No: I2022/1081

PRESENT: Cr M Swivel, Cr A Hunter

Staff: Mark Arnold (General Manager)
Esmeralda Davis (Acting Director Corporate and Community Services)
Heather Sills (Acting Manager Corporate Services)
James Brickley (Manager Finance)
Colin Baker (Manager Business Systems and Technology)
Amber Watt (Strategic Risk Coordinator)
Mila Jones (Governance and Internal Audit Coordinator)

Community Representatives: Michael Georghiou (Chairperson)
Bernard Grinberg
Patrick Grier

Other Attendees: Jarrod Lean (Grant Thornton)
Adam Kim (Grant Thornton)

Michael Georghiou (Chair) opened the meeting at 11.30am and acknowledged that the meeting was being held on Bundjalung Country.

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

There were no declarations of interest.

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 **Minutes of the Audit, Risk and Improvement Committee Meeting held 19 May 2022**

File No: I2022/961

Committee Recommendation:

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 19 May 2022 be confirmed. (Georghiou/Hunter)

The recommendation was put to the vote and declared carried.

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

Note: The minutes of the meeting held on 19 May 2022 were noted, and the Committee Recommendations adopted by Council, at the Ordinary Meeting held on 23 June 2022.

BUSINESS ARISING FROM PREVIOUS MINUTES

There was no business arising from previous minutes.

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 **Update from OLG on membership requirements for Audit, Risk and Improvement Committees**

File No: I2022/925

Committee Recommendation:

That Council notes the update provided by the Office of Local Government in Circular 22-21 pertaining to the draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW. (Georghiou/Swivel)

The recommendation was put to the vote and declared carried.

Report No. 4.2 **Draft Constitution of the Audit, Risk and Improvement Committee**

File No: I2022/828

Committee Recommendation:

That Council adopt the Draft Audit, Risk and Improvement Committee Constitution (Attachment 1 E2022/73365). (Georghiou/Hunter)

The recommendation was put to the vote and declared carried.

Report No. 4.3 **Financial Reporting to Audit, Risk and Improvement Committee**

File No: I2022/996

Committee Recommendation:

1. That a revised version of the financial reporting update be presented to the Committee at the November 2022 meeting.
2. That Council notes that the Audit, Risk and Improvement Committee receive financial reporting updates. (Georghiou/Hunter)

The recommendation was put to the vote and declared carried.

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

Report No. 4.4 **Internal Audit Plan 2022-2024**
File No: I2022/823

Committee Recommendation:

1. That Council endorse the Internal Audit Plan 2022-2024 (E2022/61398).
2. That the proposed audits for 2023-2024 be brought to the Audit, Risk and Improvement Committee Meeting in November 2022. (Georghiou/Swivel)

The recommendation was put to the vote and declared carried.

Report No. 4.5 **Delivery Program 6-monthly Report and Operational Plan**
2021/22 Quarter 4 Report - to 30 June 2022
File No: I2022/987

Committee Recommendation:

That Council notes that the Audit, Risk, and Improvement Committee noted the Delivery Program 6-monthly Report and 2021/22 Operational Plan Fourth Quarter Report for the period ending 30 June 2022 (Attachment 1 #E2022/67538). (Georghiou/Swivel)

The recommendation was put to the vote and declared carried.

PROCEDURAL MOTION

That the meeting move into confidential session for the following reasons:

Report 5.1 CONFIDENTIAL – Quarter 4 2021-22 Risk Report

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Quarter 4 2021-22 Risk Report.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as it relates to risk management.

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

Report 5.2 CONFIDENTIAL - Internal Audit Report - 2021-2022 Quarter 4 (and 2021-2022 Quarter 1 report deferred from the ARIC meeting of 19 May 2022)

1. That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Internal Audit Report - 2021-2022 Quarter 4.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it
3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as the nature and content of internal audit report is for operational purposes

Report 5.3 CONFIDENTIAL - Social Engineering Incident - Reporting of Independent Investigation

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Social Engineering Event - Reporting of Independent Investigation.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as independent investigation outcome recommends improvements to internal processes that should not be publicly available to protect Council's assets.

Report 5.4 CONFIDENTIAL - Cyber Security and IT System Outages Quarterly Update

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Cyber Security and IT System Outages Quarterly Update.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as it exposes information security

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

risks and vulnerabilities that could assist unauthorised threats to Council's information and systems.

Report 5.5 CONFIDENTIAL - External Audit Actions Quarter 4 2021-2022 Update

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report External Audit Actions Quarter 4 2021-2022 Update.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as the nature and content of audit reports is for operational purposes and report details information about Council systems, controls and processes. (Georghiou/Hunter)

CONFIDENTIAL REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 5.1 CONFIDENTIAL - Quarter 4 2021-22 Risk Report
File No: I2022/732

Committee Recommendation:

That Council notes the Strategic and Operational Risk Reports for the quarter ending 30 June 2022 (Attachment 1 E2022/63424) and improvements planned or underway. (Georghiou/Hunter)

The recommendation was put to the vote and declared carried.

Report No. 5.2 CONFIDENTIAL - Internal Audit Report - 2021-2022 Quarter 4 (and 2021-2022 Quarter 1 report deferred from the ARIC meeting of 19 May 2022)
File No: I2022/826

Committee Recommendation:

That Council:

1. Notes the Summary of Internal Audit Recommendations for Quarter 1 2021-2022 (Attachment 1 E2021/123033).

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

2. Endorses the recommendations from the Executive Team and Audit, Risk and Improvement Committee to close off four internal audit recommendations from Quarter 1 2021-2022 as listed in Table 1 of this report (which is a summary from Attachment 1 E2021/12033).
3. Notes the Summary of Internal Audit Recommendations for Quarter 4 2021-2022 (Attachment 2 E2022/63964).
4. Endorses the recommendations from the Executive Team and Audit, Risk and Improvement Committee to close off seven internal audit recommendations from Quarter 4 2021-2022 as listed in Table 2 of this report (which is a summary from Attachment 3 E2022/62825).
5. Requests management to record any findings needing further action from the Internal Audit of Payroll – Data Analytics (Attachment 4 E2022/69122) in Council’s Internal Audit Register.
6. Endorses the proposal to shift the Inventory Internal Audit from Quarter 2 2021-2022 to Quarter 1 2022-2023. (Georghiou/Grier)

The recommendation was put to the vote and declared carried.

Report No. 5.3 **CONFIDENTIAL - Social Engineering Incident - Reporting of Independent Investigation**

File No: I2022/506

Committee Recommendation:

That Council:

1. Notes the outcome of the investigation and the importance of being constantly aware of social engineering and cyber security.
2. Notes the progress of implementing the recommendations proposed following the independent investigation. (Georghiou/Hunter)

The recommendation was put to the vote and declared carried.

Report No. 5.4 **CONFIDENTIAL - Cyber Security and IT System Outages Quarterly Update**

File No: I2022/904

Committee Recommendation:

1. That Council notes the report.
2. That the Audit, Risk and Improvement Committee receives ongoing cyber security

BYRON SHIRE COUNCIL

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 18 AUGUST 2022

and system outage status reports.

(Georghiou/Swivel)

The recommendation was put to the vote and declared carried.

Report No. 5.5 **CONFIDENTIAL - External Audit Actions Quarter 4 2021-2022 Update**

File No: I2022/1001

Committee Recommendation:

1. That Council notes the external audit activity update for the quarter ending 30 June 2022 as outlined in Confidential Attachment 1 (#E2022/76444).
2. That Council endorses the closure of Issue 2 from the 2021 Year End Audit Management Letter regarding 'Confirming orders after invoicing'. (Georghiou/Grier)

The recommendation was put to the vote and declared carried.

PROCEDURAL MOTION

That the meeting move out of confidential session.

(Georghiou/Hunter)

There being no further business the meeting concluded at 1.40pm.