11 MINUTES OF COMMITTEES

11.1 Minutes: Audit, Risk and Improvement Committee - 3 March 2026

Responsible Director: Office of the Chief Executive Officer

Item 11.1

Attachments

1 Minutes - Audit, Risk and Improvement Committee - 3 March 2026⇩

Enclosures
Nil

RECOMMENDED

That the Minutes of the Audit, Risk and Improvement Committee meeting held on 3 March 2026 be received and accepted.

Background

The minutes of the meeting of the Audit, Risk and Improvement Committee held on 3 March 2026 are enclosed for Councillors' information.

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

commencing at 1pm on

TUESDAY 3 MARCH 2026

Council Chambers, 11 Manning Street, KIAMA NSW 2533

MINUTES OF THE
AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS ON TUESDAY 3 MARCH 2026
AT 1:00 PM

PRESENT: Ms Rhonda Wheatley (Acting Chair)
Ms Lisa Berwick

IN ATTENDANCE: Jane Stroud - Chief Executive Officer
Darren Brady – Director Infrastructure and Operations
Joe Gaudiosi – Director Corporate and Commercial
Kimberley Norton – Head of Implementation
Renee Winston – Manager People and Culture
Jose Diaz – Chief Financial Officer
Michael Kharzoo – Director - Financial Audit | NSW Audit Office
Dan Parsons – Internal Audit Manager | InConsult
Cameron Parsons – Senior Manager, Risk & Resilience | InConsult

OBSERVERS: Councillor C McDonald (Mayor) – online
Councillor M Matters (Deputy Mayor) - online

1 APOLOGIES

Dave Pendleton (Chair)
Councillor Lawton (non-voting member)

2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

The Chair declared the meeting open and acknowledged the traditional owners:

3 DECLARATIONS OF INTEREST

Member Wheatley declared that she was a member of the Audit, Risk and Improvement Committee for both Inverell Shire Council and Willoughby City Council.

Member Berwick declared that she was a member of the Audit, Risk and Improvement Committee for Waverley Council, and a member of the Audit and Risk Committee for both the ACT Justice and Community Services Directorate and the Victorian Parliament.

Item 11.1

Attachment 1

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Audit, Risk and Improvement Committee meeting minutes - 4 December 2025

26/001ARIC

Resolved that the Minutes of the Audit, Risk and Improvement Committee meeting on 4 December 2025 and submitted to the Ordinary Council meeting dated 17 February 2026, be received and accepted.

(Members Berwick and Wheatley)

5 BUSINESS ARISING FROM THE MINUTES

Nil.

Presentations brought forward:

Michael Kharzoo provided a high level summary on insights from the 2024-25 audits of NSW councils (item 7.8).

Of note:

- 17 NSW councils reported operating losses
- 19 councils held insufficient cash and investments to pay 3 months of general expenses leading to liquidity risk. Capital grants are included in the results and that many Councils rely on capital grants.
- Member Wheatley commented that internal controls are lacking across local government, which was evidenced in 71 councils, particularly in IT, asset management and fraud control.
- Financial sustainability is a focus for councils and Kiama Council was listed as one of the vulnerable councils due to repayment of TCorp borrowings and loses from Blue Haven Bonaira.
- Unrestricted ratios will always be a challenge for Kiama Council due to bonds sitting as a current liability which skewers the ratio.
- There has been a big improvement in the Kiama Council audit.
- The Audit Office has observed a reporting burden on councils that does not exist in other jurisdictions.
- 63 councils had deficiencies in asset registers and 68 in the asset valuation process.
- There are concerns around project management – business cases lacking rigour, lack of expertise, underestimating risk, not understanding timeframes and costs, poor negotiation skills and lack of monitoring.
- 90 councils are using AI however less than 50% have policies in place
- 33% of councils do not have a cyber security policy in place, 70% did not measure the effectiveness of cyber security spending, no actual assessment of benefit of realisation.
- The CEO advised that OLG have provided specific feedback on QBR reporting to all councils.
- The CEO thanked the Auditor General on his insights on project management.
- The CEO noted the core issue of project management, and suggested the OLG could consider shared resources through joint organisations.

- Member Wheatley asked Mr Kharzoo to provide this feedback to the department.
- Mr Kharzoo also presented the engagement plan for the audit for 2025-26. The plan is very similar to last year.
- The Acting Chair noted the reduction in audit fees and thanked the Audit Office.

Mr Kharzoo introduced the new audit manager for Kiama Council – Mr Eric Nathaniel.

Dan Parsons and Cameron Parsons from InConsult entered the meeting at 1:23pm.

Presentation from Dan Parsons – InConsult: Internal audit report: Risk Management (item 7.1)

Of note:

- The survey only garnered a 55% response rate from risk owners.
- 7 recommendations were identified – 6 moderate and 1 low priority rating.
- Member Berwick suggested workshops to increase staff engagement.
- The CEO noted there is cultural work to do to increase responses and to incentivise participation.
- Director Gaudiosi stated Council has the framework, strategic risk register, incident capture system, enterprise risk register in place but work needs to be done on how they link. Good foundations but need to embed in the organisation and test its effectiveness in real-world conditions.
- The CEO advised that Council has a WHS Committee that can do some case studies, and test systems and policies against incidents.

Presentation from Camerson Parsons – InConsult: Business Continuity Plan (item 7.7)

Of note:

- Training was conducted with the Council Crisis Management Team. A number of improvement opportunities around clarity or roles and responsibilities was identified.
- Member Wheatley outlined the importance of keeping the details of the Crisis Management Team up to date and that the Risk Coordinator should be checking this monthly.

Dan Parsons and Cameron Parsons from InConsult left the meeting at 1:51pm.

6 ARIC ACTIONS ARISING

6.1 Actions arising from previous meetings

26/002ARIC

Resolved that the Audit, Risk and Improvement Committee notes the February 2026 report on action items arising from previous meetings.

(Members Berwick and Wheatley)

7 ARIC STANDARD REPORTS

7.1 Internal audit update

26/003ARIC

Resolved that the Audit, Risk and Improvement Committee notes:

1. the progress of the audits according to the strategic internal audit plan.
2. the findings and recommendations relating to the InConsult audit on Risk Management.

(Members Wheatley and Berwick)

7.2 Progress report on implementation of audit recommendations

26/004ARIC

Resolved that the Audit, Risk and Improvement Committee notes the information in the progress report for internal audit recommendations.

(Members Berwick and Wheatley)

Of note:

- ELT have recently reviewed outstanding audit recommendations to provide a more meaningful outcome for the Committee noting that some recommendations relating to technology systems require further discussion.

Director Gaudiosi introduced Council's new Chief Financial Officer, Jose Diaz.

7.3 Quarterly Budget Review (QBR2) and Monthly Financial Statement December 2025

26/005ARIC

Resolved that the Audit, Risk and Improvement Committee notes the quarterly budget review statement for the quarter ending 31 December 2025, including the recommended changes to operational and capital budgets and updated cash forecast.

(Members Wheatley and Berwick)

Of note:

- Operating results excluding capital grants and contributions is forecasted to be a deficit of $4.5M.
- Member Berwick expressed concern about the onerous Performance Improvement Order (PIO) requirements imposed on Council.
- If not for depreciation Council could meet the balanced budget requirement of the PIO.
- The CEO explained the difficulties with meeting the OLG expectations from a Council of Kiama's size and ratebase. Noting the $60M repayment and debt write-off, $6M writedown to TCorp during the PIO period.

- Member Berwick acknowledged there are only so many levers that can be pulled and opportunties for revenue raising are scant.
- Betterment funding projects will be delivered, there is a timing issue with the Jamberoo Mountain Road work to avoid disruption for traffic and it is complicated bespoke work.
- Council will submit a strong and robust business case to the OLG
- Member Berwick questioned capitalisation of wages and was advised this has now been resolved.
- The CEO explained current award negotiations regarding pay increases, requests for additional week's leave and changes to sick leave definition.

7.4 Statement of Investments - December 2025 and January 2026

26/006ARIC

Resolved that the Audit, Risk and Improvement Committee notes the information relating to the Statement of Investments as at 31 January 2026 and for the prior period 31 December 2025.

(Members Berwick and Wheatley)

7.5 Budget and Performance Improvement Order

26/007ARIC

Resolved that the Audit, Risk and Improvement Committee note the update on the Budget and Performance Improvement Order.

(Members Wheatley and Berwick)

Councillor McDonald entered the meeting at 2.20pm.

7.6 Blue Haven Terralong Update

26/008ARIC

Resolved that the Audit, Risk and Improvement Committee notes:

1. Notes the findings of the condition report for Blue Haven Terralong according to the Performance Improvement Order.
2. Notes the scope of the strategic review of Blue Haven Terralong to meet the requirements of Part B of the Performance Improvement Order.
3. Requests further out of session briefings on Blue Haven Terralong and budget as required, to be kept informed of the impacts of the condition report and the strategic review.

(Members Berwick and Wheatley)

Of note:

- Director Gaudiosi advised that the OLG have been advised of the significance of the issue of the Blue Haven Terralong condition report.
- A draft strategic review report for Blue Haven Terralong has been provided by the consultants and will be discussed at a meeting on 3 March 2026.

7.7 Risk Report for ARIC - March 2026

26/009ARIC

Resolved that the Audit, Risk and Improvement Committee note the update and information in the Risk Report March 2026.

(Members Berwick and Wheatley)

Of note:

- Staff are happy with Besafe incident reporting, however Besafe does not integrate with Council's Enterprise Risk Management data held on TechOne.
- Following engagement with the community staff are recommending to opt into the legislation on rock fishers wearing life jackets.
- **Action**: Manager People and Culture to review risk ratings in the Strategic Risk Register across risks with the same consequences.

7.8 External Audit Management Letter update

26/010ARIC

Resolved that the Audit, Risk and Improvement Committee note the progress made by Council in addressing issues identified in the 2023, 2024 and 2025 management letters raised by external auditors.

(Members Wheatley and Berwick)

8 REPORTS FOR INFORMATION

The following reports were provided for the Committee's information:

8.1 Service Review – Commercial Waste

8.2 Service Review – Depot Operations and Fleet Management

8.3 Performance Improvement Order update – December 2025

8.4 Action arising – costs of psychosocial impacts for Council

CEO comments:

- The CEO commented that operational decisions based on good data and understanding of that data are being overturned by councillors.
- Waste Services overtime, risks and costs continue. Council recently had to engage agency staff to undertake the commercial collection. Council needs to return to domestic waste only.

- Council is commencing a campaign on changes to collection of the yellow-lid bin and some routes. Council is releasing data about costs, risks, resourcing and explaining the need for change.

9 GENERAL BUSINESS

Nil.

10 CLOSURE

There being no further business the meeting closed at 2.52pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 17 March 2026.

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Acting Chair