

## **Memo to Councillors**

### **Audit Risk and Improvement Committee**

**To:** All Councillors

**Cc:** Chief Executive Team

**From:** Audit Risk and Improvement Committee

**Date:** 31 December 2024

**Subject:** Consideration of a Special Variation to rates for Northern Beaches Council

The Local Government Act 1993, the Local Government (General) Regulation 2021 and Guidelines issued by the Office of Local Government (November 2023) require each council in NSW to have an Audit Risk and Improvement Committee (ARIC) that continuously reviews and provides independent advice to the council on how it is functioning and managing risk (inter alia). The voting members of the ARIC, including the Chair, are all independent.

The ARIC has been requested to offer Council some commentary with respect to the proposal to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Variation (SRV) to rates commencing in 2025/26. We have determined that doing so falls within the provisions of the relevant legislation, and our Charter, and are pleased to assist in this matter.

The ARIC is mindful that it has a limited role in advising Council on any particular decision that Council might choose (including the option to make no decision), and as such our advice is deliberately limited to the issue of the relevance and sufficiency of materials and advice provided to Council by management to enable Council to be in a properly informed position from which to make an informed decision, and the reasonable interpretation and use of that information.

In short, the ARIC is of the opinion that:

- The information, analysis, options and advice provided to Council by management are appropriate, sufficient, evidence-based and reliable for the decision-making purposes required by Council in this matter
- It seems reasonable to conclude that the proposed SRV would positively impact issues such as the growing asset backlog, declining infrastructure performance ratios and the declining operating performance ratio (to the varying extents set out under each of the SRV options).

In support of the ARIC's opinion, we offer the following:

- Over the last two years, the ARIC and Council have been presented with, and briefed on, Council's financial position including Council's Long-Term Financial Plan (LTFP). Council's declining financial sustainability, in the absence of intervention, has been noted.
- Updates to ARIC have been provided on the growing asset backlog from council's Asset Management Plans. ARIC has been briefed, and accepts, that assets are ageing and deteriorating in condition with many requiring immediate intervention
- The ARIC has also noted each year that the related infrastructure performance ratios are in decline, and that without intervention Council will fail to meet several performance metrics over the coming years, as highlighted in the LTFP.
- It is evident to the ARIC that the operating performance ratio is also declining, and that without the proposed SRV Council is not likely to meet the performance metric this year or for several years, with deficit results forecast. These results are out of line with the OLG's required benchmark results.
- The financial impact of natural disasters has been another point of discussion in the ARIC, with Northern Beaches needing to play a critical role in disaster response and mitigation. ARIC has noted that there is a significant lag between when Council needs to expend funds to provide immediate disaster response, and when the NSW State Government may provide some funding back to the Council as financial support: with a recent example being the receipt on 21 August 2024 of an outstanding claim of \$1.7 million for a severe storm that occurred on 19 December 2021. Such mismatches in timing, together with the uncertainty of limited available funding, cause financial difficulty for Council.
- The ARIC has observed the development and implementation of a robust service review framework, and is pleased with the integrity of the service review reports that have been progressively tabled at ARIC meetings – where they are discussed in detail for rigour of methodology and analysis. Such reviews provide deep dives into operating practices, efficiency and, where relevant, effectiveness, in support of appropriate recommendations. ARIC has noted Council's ongoing commitment and effort to undertake service improvements and drive efficiencies across its broad ambit of operations.
- The ARIC has also followed a series of benchmarking exercises by Council over time, which provide further positive insights into Council's operating efficiency against its peers and other comparable Councils.
- The ARIC has noted that Northern Beaches Council has been a leader in promoting and facilitating such exercises with other Councils.

Councils across NSW have felt the impact of significant levels of capital and operating cost inflation during recent years, while increases in rates income have been capped at much lower levels year after year. In the absence of achieving further efficiencies, which are not evident to the ARIC, an SRV is the only way to avoid the cumulative effect of these differences compounding in future rather than being offset over time.

The ARIC is aware of the recent Parliamentary Inquiry into the Ability of Local Governments to fund infrastructure and services, and the recommendations that have been presented to the NSW State Government for consideration.

A key factor noted in that Inquiry is the need to redesign the Local Government Rating System, including reassessing base rates to ensure Councils can respond to actual cost increases, demographic changes and community service demands and expectations.

The Inquiry notes that this financial mismatch is unsustainable and that without funding intervention the long-term financial sustainability of NSW councils will continue to be under pressure.

Noting all of the above, the ARIC is of the view that:

- The information, analysis and insights provided to the ARIC over an extended period of time, and our interrogation of that material, supports our confidence in the capability of management's analysis. The representatives of the Audit Office of NSW have also commented to the ARIC on a number of occasions of the high quality of the financial management and analysis capability at Northern Beaches Council.
- Whilst it is never possible to conclude that every aspect of any Council's activities are optimised, and that every opportunity for savings and cost recovery has been exhausted, the ARIC is satisfied that the situation analysis being provided to Council by management (with respect to the issue of a possible SRV application) is presented fairly, and that is reasonable to place reliance upon the analysis for the purposes intended.
- The information and the data that the ARIC has been presented with from Northern Beaches Council provides reasonable and reliable evidence to support utilising the Independent Pricing and Regulatory Authorities (IPART) process for a Special Variation to rates.

The entire content of this letter has been endorsed by all of the independent voting members of Council's ARIC.

Kind regards

Stephen Horne  
Independent Chair  
Northern Beaches Council  
Audit Risk and Improvement Committee.

## **Special Variation to rates attachment**

### **Audit, Risk and Improvement Committee**

January 2025

The Audit Risk and Improvement Committee (ARIC) receive regular reports on financial matters and provide advice on Northern Beaches Council's financial management in accordance with their Terms of Reference.

Discussions include the impact major issues had on the organisation, including cashflow, like managing the COVID-pandemic and multiple natural disaster events, along with industry wide issues that have resulted in multiple inquiries at both the State and Federal levels of Government.

Minutes of ARIC meetings are available on the Council's website:

<https://www.northernbeaches.nsw.gov.au/council/meetings/committees/audit-risk-and-improvement-committee>. Relevant extracts for the last 3 years are attached.

### 6.3 FINANCE UPDATE

#### PURPOSE

The purpose of this report is to provide an update on the financial performance of the Council as at 30 September 2024.

#### DISCUSSION

Caroline Foley, Chief Financial Officer provided an update to the committee, covering the topics of disaster recovery funding, exemption from the Waste Levy, operating deficit and a further update on the Special Rate Variation (SRV).

Caroline highlighted the 4 main financial issues facing Council, being inflation, a \$3 million increase in the Emergency Services Levy, recent natural disasters and the long term impact of COVID, requiring Council to place projects on hold.

The committee asked questions on the topics of infrastructure projects and asset renewal and maintenance, the impact of population increase on rates and benchmarking of land property value.

The Chair confirmed that the committee has previously been briefed on the Long Term Financial Plan and note, that each year, asset maintenance has been falling behind schedule. It is also noted that Council's operating performance ratio is starting to lag.

#### ACTIONS

Caroline Foley to provide the committee with the updated version of the Long Term Financial Plan.

#### OUTCOME

That the ARIC note the finance update as at 30 September 2024.

### 11.1 AUDIT OFFICE CLOSING REPORT AND MANAGEMENT LETTER FOR THE 2023/24 FINANCIAL YEAR

#### PURPOSE

The purpose of this report is to provide the ARIC with the Audit Office of NSW Engagement Closing Report and Management Letter on the final phase of the audit for the year ended 30 June 2024 for their review.

#### DISCUSSION

Hugh Wilson, Team Leader - Financial Audit, Audit Office of NSW provided an overview of the Engagement Closing Report.

The Council's Finance team was commended on the quality of work papers and financial statements are of a high quality. Both the general and special purpose financial statements were all unqualified.

The ARIC noted the uncorrected monetary misstatements / judgemental misstatements and the feedback received from Caroline Foley and Hugh Wilson that these items are immaterial. The Chair asked if Hugh could refer these items back to his team to discuss whether there is a possible resolution for these items.

#### OUTCOME

That the ARIC note the Audit Office of New South Wales Management Letter on the final phase of the audit for the year ended 30 June 2024 and the 2024 Engagement Closing Report.

**10 Sept 2024:** [Extract of minutes](#) of extraordinary meeting

**9.1 DRAFT 2023/24 FINANCIAL STATEMENTS**

**PURPOSE**

The purpose of this report is to provide the Audit, Risk and Improvement Committee with an overview of the process undertaken and significant judgements and assumptions used in preparing the draft 2023/24 Northern Beaches Council Financial Statements prior to their inclusion on the agenda for the Council meeting to be held on 15 October 2024.

**DISCUSSION**

The Chair introduced the item and commended staff on the quality and information in their reports and papers.

- There has been significant cost increase in the infrastructure space, primarily due to weather events over the last 5 years that have affected the condition of assets, especially roads. Comprehensive infrastructure revaluations are scheduled to be undertaken this year on buildings, operational lands and roads, footpaths and bridges. All other classes will have desktop revaluations.

**10 Sept 2024:** [Extract of minutes](#) of ordinary meeting

**7.3 BENCHMARKING PROGRAM FY22/23 - FINANCE, WORKFORCE AND OPERATIONS**

**PURPOSE**

The purpose of this report is to present benchmarking results and trends for 2022/23 across Council's finance, workforce and operations.

**DISCUSSION**

Michael McDermid, Manager Corporate Strategy attended for this item.

Michael provided a summary of the results for the period. The committee noted that the program is working well.

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**OUTCOME**

The ARIC noted the performance results for the 2022/23 core benchmarking program on finance, workforce and operations.

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## 6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER

### PURPOSE

The purpose of this report is to provide the ARIC with a brief update on current issues, particularly those relating to areas of potential risk for Council.

### DISCUSSION

The Acting Chief Executive Officer's (A/CEO) verbal report included the following:

- ICAC is conducting Operation Mantis which concerns contracting and sub-contracting arrangements at Canterbury Bankstown Council
- A report was presented to the May Council meeting to provide demerger costings
- Councillors attending a workshop to discuss financial sustainability
- Council made submissions to the inquiry by the NSW Parliament's Legislative Council Standing Committee on State Development into the ability of local governments to fund infrastructure and services, and an inquiry by the Parliament of Australia's House of Representatives Standing Committee on Regional Development, Infrastructure and Transport into local government sustainability.

### OUTCOME

The Audit, Risk and Improvement Committee noted the Chief Executive Officer's update.

## 6.3 FINANCE UPDATE

### PURPOSE

The purpose of this report is to provide an update on the financial performance of the Council as at 31 March 2024.

### DISCUSSION

Caroline Foley and David Walsh attended for this item.

Committee members asked questions about the emergency service levy, fines, development contributions, workers compensation claims, and waste charge calculations in the long term financial plan. Return on investment was noted and commended.

It was noted Council made submissions to the inquiry by the NSW Parliament's Legislative Council Standing Committee on State Development into the ability of local governments to fund infrastructure and services, and an inquiry by the Parliament of Australia's House of Representatives Standing Committee on Regional Development, Infrastructure and Transport into local government sustainability.

The committee thanked Caroline and David for their work on these submissions, assisting other councils with their submissions, and attending the NSW inquiry.

### OUTCOME

The Audit, Risk and Improvement Committee noted the finance update as at 31 March 2024.

**6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER**

**PURPOSE**

The purpose of this report is to provide the ARIC with a brief update on current issues, particularly those relating to areas of potential risk for Council.

**DISCUSSION**

Scott Phillips, Chief Executive Officer advised that Councillors will attend a strategic planning workshop on 23 and 24 March. The Chair noted that this workshop and subsequent planning will be useful context for ARIC when developing its 4-year strategic workplan. This plan must be developed in consultation with the governing body, as required by the Office of Local Government's Guidelines for Risk Management and Internal Audit.

**ACTIONS**

Scott Phillips to provide feedback to ARIC on the strategic planning weekend outcomes in preparation for ARIC's discussions with the governing body on ARIC's 4-year strategic workplan.

Governance to facilitate consultation between the governing body and ARIC to inform the development of ARIC's 4-year strategic workplan.

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**OUTCOME**

The ARIC noted the Chief Executive Officer's verbal update.



## **6.0 STANDING ITEMS**

### **6.1 VERBAL UPDATE FROM CHIEF EXECUTIVE OFFICER**

#### **PURPOSE**

To provide the ARIC with a brief update on current issues, particularly those relating to areas of potential risk for Council.

#### **DISCUSSION**

Scott Phillips, Chief Executive Officer gave an update on a number of topics including:

- Actions in response to data breaches involving third party contractors
- A financial update
- An update on the Enterprise Resource Planning (ERP) project
- A proposed change to the senior executive organisational structure.

#### **OUTCOME**

The ARIC noted the Chief Executive Officer's verbal update.

### **6.2 FINANCE UPDATE**

#### **PURPOSE**

To provide the ARIC with an update on the financial performance of the Council as at 30 September 2023.

#### **DISCUSSION**

Caroline Foley, Executive Manager Financial Planning & Systems addressed the meeting.

Discussion covered the impact of external factors on the projected future financial position including COVID-19, inflation and the rate peg. The ARIC noted the latest forecast operating result for the financial year and that Council's budget remains balanced and financial ratios on track for the 2023/24 financial year.

#### **ACTIONS**

Caroline Foley to circulate the budget briefing pack presented to the Councillor briefing to the ARIC.

**11.1 AUDIT RECOMMENDATIONS - UNFUNDED 2023/24 (CYBER SECURITY AND SOFTWARE LICENCE MANAGEMENT)**

**PURPOSE**

To provide the ARIC with a management response on outstanding actions.

**DISCUSSION**

Mark Jones, A/Director Workforce and Technology and Naren Gangavarapu, Chief Information Officer addressed the meeting to the discuss audit recommendations (cyber security) that are not financially supported in 2023/24 and risks involved with extending some target implementation activity completion dates.

ARIC noted while both actions have been constrained by budget limitations, considerable work has been undertaken to date to mitigate Council's risk in both areas.

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**OUTCOME**

That the:

1. ARIC noted the report and continued work to strengthen Council's cyber security position and that remaining actions are to be initiated subject to a cyber roadmap analysis to be undertaken by Council's new Chief Information Security Officer and available budget.
2. Action from the ARIC meeting of 12 September 2023 relating to the implementation of software licence management processes be closed and the item be included on Council's risk register and remain as a project on Council's Capital Project Funding Request Pipeline for inclusion in future budgets.

**10.1 AUDIT OFFICE CLOSING REPORT AND MANAGEMENT LETTER FOR THE 2022/23 FINANCIAL YEAR**

**PURPOSE**

To provide the ARIC with the Audit Office of NSW Engagement Closing Report and Management Letter on the final phase of the audit for the year ended 30 June 2023 for its review.

**DISCUSSION**

Susan Prichard, Director Financial Audit Services, Audit Office of NSW provided an overview of the Engagement Closing Report.

The ARIC noted the Council's position in relation to rural fire-fighting equipment remaining not recognised in its financial statements and the progress in the reviews of its policies.

The ARIC commended Council on receiving a clean audit and noted this was an unusually positive outcome in comparison with other Councils.

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**OUTCOME**

The ARIC noted the Audit Office of NSW Management Letter on the final phase of the audit for the year ended 30 June 2023 and the 2023 Engagement Closing Report.

**7.2 BENCHMARKING PROGRAM FY21/22 - FINANCES, WORKFORCE AND OPERATIONS**

**PURPOSE**

The purpose of this report is to provide the ARIC with benchmarking results and trends for finance, workforce and operations.

**DISCUSSION**

Michael McDermid, Manager Corporate Performance talked to this item. There was discussion about finding reliable sources of data for local government benchmarking. Council continues to talk with the Office of Local Government (OLG) and other councils about this.

The committee noted the importance of this data to inform Council's activities, to create a data loop and reinforce the dynamics of continuous improvement. The committee also noted the impact of the COVID years on the data and trends we are now analysing. It will be important to assess the data in context (eg. asset renewal against depreciation) to articulate a meaningful story for Council.

**ACTIONS**

1. Future reports will include the reported median's range (highest and lowest) for the Councils measured.
2. Mark Jones will provide information to the committee on Council's unscheduled leave balance.

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**OUTCOME**

The ARIC noted the performance results for the 2021/22 core benchmarking program on finance, workforce and operations.

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**10.1 NSW AUDITOR-GENERAL'S REPORT ON LOCAL GOVERNMENT 2022**

**PURPOSE**

The purpose of this report is to consider the NSW Auditor-General's Report on Local Government 2022 for information and consideration.

**DISCUSSION**

The Chair noted that the findings require no action by Northern Beaches Council and the Audit Office has been complementary about Council's performance in financial management previously.

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**OUTCOME**

The ARIC noted the Auditor-General's Report on Local Government 2022.

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## **10.2 NSW AUDITOR-GENERAL'S PERFORMANCE AUDIT INTO FINANCIAL MANAGEMENT AND GOVERNANCE IN LOCAL GOVERNMENT**

### **PURPOSE**

The purpose of this report is to consider the findings of the recent NSW Auditor-General's audit on financial management and governance arrangements in local government in the context of Northern Beaches Council. A gap analysis has been undertaken to assess the recommendations against Northern Beaches Council's financial management arrangements.

### **DISCUSSION**

The committee noted Mark McCoy could remain in the meeting for this item.

Caroline Foley, Executive Manager Financial Planning & Systems and David Walsh, Chief Financial Officer spoke to this item. In the spirit of continuous improvement, the report to the committee identifies where Council is continuing to improve.

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### **OUTCOME**

The ARIC noted the report on issues raised in the Auditor-General's June 2023 report on financial management and governance in local government, including the gap analysis undertaken for Northern Beaches Council.

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**6.2 FINANCE UPDATE**

**PURPOSE**

To provide an update on the financial performance of the Council as at 31 March 2023.

**DISCUSSION**

David Walsh, Chief Financial Officer, and Caroline Foley, Executive Manager Financial Planning & Systems, presented the key details of the finance update.

Discussion covered restricted reserve funds, the status of development contributions, financial and service delivery impact of employee vacancies, reduction in waste volumes, and budget challenges including parking income, the impact of storm events, and the impact of the Emergency Services Levy.

In noting the impact of storm events, the ARIC discussed the financial impact of climate risk and key risk indicators and controls. It was noted Council has a Resilience Strategy in place.

**ACTIONS**

Todd Dickinson to include financial impact of recent hazard events in his upcoming report to the September ARIC meeting.

**OUTCOME**

The Audit, Risk and Improvement Committee noted the finance update as at 31 March 2023.

**6.2 FINANCE UPDATE**

*Note : David Walsh and Caroline Foley joined the meeting for this item*

**PURPOSE**

To provide an update on the financial performance of the Council as at 31 December 2022.

**DISCUSSION**

David Walsh, Chief Financial Officer and Caroline Foley, Executive Manager Financial Planning & Systems presented the highlights of the report to the Committee.

The Committee discussed:

- The time lag to recover fine income
- Vacancy rates and leave balances after COVID and related temporary impacts
- Potential impacts of CAPEX works being pushed out on project costs and measures undertaken regarding this.

**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the finance update as at 31 December 2022.

## **6.0 STANDING ITEMS**

### **6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER**

#### **PURPOSE**

To provide the Committee with a brief update on current issues, particularly those relating to areas of potential risk for Council.

#### **DISCUSSION**

The Chief Executive Officer (CEO) introduced the new Executive Manager of Internal Audit & Complaints Resolution, Sally Hall.

The CEO raised the following matters for discussion:

- The upcoming Enterprise Resource Planning project
- The reappointment of Council's directors for a five-year term
- The recent discussion of the disclosures of interest at the October Council meeting
- Council's Property Strategy
- The impacts of COVID-19 on resourcing and the operations of Council, including on capital works programs.

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#### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the verbal update by the Chief Executive Officer.

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### **6.2 FINANCE UPDATE**

*Note : David Walsh and Justin Hurst joined the meeting for this item*

#### **PURPOSE**

To provide an update on the financial performance of the Council as at 30 September 2022.

#### **DISCUSSION**

David Walsh, Chief Financial Officer and Justin Hurst, Team Leader Management Accounting presented the highlights of the report to the Committee.

The following points were discussed:

- The storm related expenses which continue to impact the financial performance of Council
- The impact of forecast Reserve Bank rate rises – that the full impact of inflation was not yet flowing through to expenses
- The anticipated costs required for the Enterprise Resource Planning Project.

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#### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the finance update as at 30 September 2022.

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**9.1 2021/22 FINANCIAL STATEMENTS**

**PURPOSE**

To provide the Audit, Risk and Improvement Committee with an overview of the process undertaken and significant judgements and assumptions used in preparing the 2021/22 Northern Beaches Council Financial Statements (Draft) prior to their inclusion on the agenda for the Council meeting to be held on 27 September 2022.

**DISCUSSION**

Caroline Foley, Executive Manager Financial Planning and Systems addressed the meeting on this item. C Foley provided an overview of the statements and assumptions. The ARIC took the report as read and discussed the matters in detail, with key points discussed as follows:

- Operating surplus of \$62 million including capital grants (\$18 million excluding capital grants) – Council had been operating with two consecutive years of deficits prior to that.
- All financial and asset performance measures have been met.
- The financial year was entered during a period of lockdown due to COVID-19 also impacting the FY21/22. The community were supported primarily through the waiving of outdoor dining fees and subsidies to tenants.
- A desktop evaluation of infrastructure assets was undertaken with an increase in the value of infrastructure assets.
- The discount rate used for the remediation provision for the Kimbriki asset have moved from using the RBA long term government bond rate to using the IPART discount rate as it gives a more current view of the cost, in comparison to the RBA rate which is only released every six months.
- Notation of the impact of bond rate provisions on employee leave entitlements, that without this provision the rate would be higher. The number of leave entitlements across the organisation has also gone down.
- Impact of inflation and discussion of the use of panel rates, which are not totally impacted by inflation rates due to the locked in prices.
- Performance on workers compensation, with the new system for isolating and reporting on claims bringing clarity to this category.
- To ensure consistency in valuations and assumptions during this period of flux and change,

A general discussion was held on the potential future impacts to Council's future CAPEX program noting ongoing impacts from COVID-19 included associated sickness of workers, supply issues and the competitive market for building materials.

The Committee noted the papers were of a high standard and congratulated Council on the turnaround regarding the surplus results.



**9.2 AUDIT OFFICE MANAGEMENT LETTER ON THE INTERIM PHASE OF THE AUDIT FOR THE 2021/22 FINANCIAL YEAR**

**PURPOSE**

To provide the Audit, Risk and Improvement Committee with the Audit Office of NSW Audit Management Letter for the year ending 30 June 2022 for its review.

**DISCUSSION**

Karen Taylor, Director of Financial Audit Services Audit Office of NSW addressed the meeting providing a verbal update on the management letter. The Finance team were complimented on the comprehensive papers. It was noted that the ARIC undertook a good level of scrutiny on the papers.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the Audit Office of NSW Management Letter for the year ending 30 June 2022.

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**6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER**

*Note:* Mark McCoy joined the meeting.

**PURPOSE**

To provide the Committee with a brief update on current issues, particularly those relating to areas of potential risk for Council.

**DISCUSSION**

The Chief Executive Officer (CEO) raised the following matters for discussion:

- Council is exploring a new framework with URM focussing on elements such as customer service.
- At its April 2022 meeting Council resolved to apply to the Minister for the Local Government via IPART for a permanent single year special variation to general (rates) income of 2.4% for the 2022/23 financial year.
- The status of Council's Services Review including a workshop with Council will be held on 16 July.
- The establishment of a Property Steering Committee and its purpose.

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**COMMITTEE RESOLUTION**

That the Audit, Risk and Improvement Committee noted the CEO's verbal update.

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**6.2 FINANCE UPDATE**

*Note:* Caroline Foley and David Walsh joined the meeting

**PURPOSE**

To provide an update on the financial performance of Council as at 31 March 2022.

**DISCUSSION**

Caroline Foley, Executive Manager Financial Planning provided an update on various impacts on Council's budget, including the February and March storms, the Reserve Bank's decision on interest rates and inflation (increasing contract prices and supply issues in capital projects for example). C Foley responded to questions regarding unrestricted funds and the impacts of the timing of rates instalment notices.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the finance update as at 31 March 2022.

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### **7.3 BENCHMARKING PROGRAM FY21 - FINANCES, WORKFORCE AND OPERATIONS**

#### **PURPOSE**

To present benchmarking results and trends for our finances, workforce and operations.

#### **DISCUSSION**

M Jones addressed the meeting.

The Committee discussed the challenges of this undertaking, including sufficient councils participating in benchmarking activities to provide significant data sets and how to meaningfully compare (not just with other coastal councils for example).

The Committee discussed other metrics and noted the importance of providing a narrative on context and explanations for differences between councils and categories of councils, for example not many councils have a large waste facility like Kimbriki.

M Jones and M McDermid advised that Northern Beaches Council is actively connecting with councils and continues to identify sources of data and metrics.

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#### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the performance results for the 2020/21 core benchmarking program on finances, workforce and operations.

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***NOTE 1: MONIQUE BARTLEY NOTED THAT THE AUDIT OFFICE RARELY HAS THE NEED TO RAISE ISSUES IN ITS MANAGEMENT LETTERS WITH NORTHERN BEACHES COUNCIL AND THAT COUNCIL IS AN EXAMPLE OF GOOD PRACTICE. THE AUDIT OFFICE USES COUNCIL AS A REFERENCE POINT AND EXAMPLE.***

## **6.0 STANDING ITEMS**

### **6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER**

*Note:* Todd Dickinson joined the meeting at 2:30pm

#### **PURPOSE**

To provide the Committee with a brief update on current issues, particularly those relating to areas of potential risk for Council.

#### **DISCUSSION**

The Chief Executive Officer (CEO) raised the following matters for discussion:

- Seven new councillors were elected bringing the total female councillors to eight. Induction and onboarding are underway and due to be complete by May.
- The options regarding the process established by the Minister for Local Government through the Independent Pricing and Regulatory Tribunal for Council's to apply for a higher increase that is consistent with the Council's expected level of rating income (to a maximum of 2.5%). The ARIC noted the importance of taking up the option to reduce risk to Council.
- Management of workload pressures and employee fatigue as a result of staff impacted by Covid, flood and storm responses including proposed actions to reduce leave balances (and the impact on resourcing as a result of this) and support for staff wellbeing. The Chair suggested that this be updated in Council's risk register and kept as a discussion item with the Committee.
- Todd Dickinson joined the meeting to provide an overview of Council's incident management team and processes and how Council manages this in the context of the Auditor General's report on Local Government business and service continuity arrangements during natural disasters.

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#### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the verbal update by the Chief Executive Officer.

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## **6.2 FINANCE UPDATE**

*Note:* Caroline Foley and David Walsh joined the meeting at 2:39pm

#### **PURPOSE**

To provide an update on the financial performance of Council as at 31 December 2021.

#### **DISCUSSION**

Caroline Foley, Executive Manager Financial Planning addressed the meeting.

The Committee discussed the financial performance of Council and future forecasts.

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#### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the finance update as at 31 December 2021.

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### **7.3 BENCHMARKING PROGRAM 2021/22**

#### **PURPOSE**

To provide an update on the Benchmarking Program 2021/22.

#### **DISCUSSION**

M Jones addressed the meeting.

The Committee discussed the potential benefits of such benchmarking and management of the data including from previous benchmarking programs to inform trend analysis. The CEO advised he is discussing with four other councils a possibility to develop a pilot of the program. He noted that a lot of the data is already available via the Office of Local Government.

#### **COMMITTEE RESOLUTION**

That:

- A. The Audit, Risk and Improvement Committee endorsed the new benchmarking program.
- B. A report on benchmarking of workforce, finance and operations be presented to the June 2022 Audit, Risk & Improvement meeting.
- C. An update on the pilot bespoke benchmarking program be provided at the Audit, Risk & Improvement Meeting of June 2022.