

**Minutes of Audit, Risk and Improvement Committee Meeting held via Microsoft Teams on 22 July 2020**

**Meeting commenced at 5.35pm**

An In-camera session was held prior to the meeting at 4.30pm for the Committee Members to meet with the Internal Ombudsman.

**PRESENT**

<b>Audit Risk &amp; Improvement Committee Members</b>	
Independent Member - Chair	John Gordon
Independent Member	Emily Hodgson
Independent Member	Heather Smith
Councillor	Clr Louise Steer
Councillor	Clr Lucille McKenna
<b>Other attendees</b>	
Chief Operating Operator, Director Development and Recreation	Elizabeth Richardson
Director Corporate	Melodie Whiting
Director Infrastructure	Cathy Edwards-Davis
Chief Financial Officer	Daryl Jackson
Group Manager Information and Communications Technology	Harin Perera
Senior Manager Business Excellence, Risk, WHS and Customer Service	Peter Livanes
Coordinator Internal Audit and Business Continuity Management	Elvira Musolino
Policy and Risk Services Manager	Charmian King
Governance Coordinator - Minute Taker	Katherine Paixao
ICT Infrastructure Manager	Sasha Sutarov
Engagement Partner, EY	Melissa Broadhead
Engagement Manager, EY	Paulette Pang
Audit Office	Caroline Karakatsanis
Internal Ombudsman	Suellen Bullock
Assistant Internal Ombudsman	Elizabeth Renneberg

**ACKNOWLEDGMENT OF COUNTRY**

The chairperson acknowledged the traditional owners of the Land on which the meeting took place and paid his respects to elders past and present.

**APOLOGIES:**

Apologies were received from Erla Ronan, Director City Living.

**DISCLOSURES OF INTERESTS:**

John Gordon disclosed that he is now a member of the ARIC at Shoalhaven Council and has joined the NSW Healthcare Complaints Commission as the chair.

**CONFIRMATION OF MINUTES:**

**(Emily Hodgson /Heather Smith)**

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Wednesday, 26 February 2020 be confirmed.

Carried unanimously

ITEM	PERSON RESPONSIBLE	DEADLINE
<p><b>RIS0720(1) Item 1 ARIC Resolutions</b></p> <p>The Chair noted the large number of ARIC Resolutions that remained un-actions and/or overdue.</p> <p><b>Actions:</b></p> <p>The Senior Manager Business Excellence, Risk, WHS and Customer Service to ensure all actions/recommendations have an update in the ARIC Resolution Register.</p> <p><b>RECOMMENDATION (Emily Hodgson /Heather Smith)</b></p> <p><b>THAT the Audit Risk and Improvement Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Note the update on ARIC Resolutions;</b></li> <li><b>2. Receive a report back at the next meeting on Project Management Framework Recommendations;</b></li> <li><b>3. Receive an update at the next meeting on the Anti-Fraud and Corruption Control Plan;</b></li> <li><b>4. Receive feedback on what the resolution of “Management to come back to the ARIC with feedback on Childcare centre payment processes’ is;</b></li> <li><b>5. Receive a report at the next meeting detailing any low, medium and high risks and how these fit into any outstanding audit recommendations; and</b></li> </ol>	<p>Senior Manager Business Excellence, Risk, WHS and Customer Service</p> <p>Senior Manager Business Excellence, Risk, WHS and Customer Service</p> <p>Senior Manager Business Excellence, Risk, WHS and Customer Service</p>	

<p><b>6. Receive an update at the next meeting on TechOne including Audit office recommendations.</b></p> <p>Carried unanimously</p>	<p>Chief Information Officer</p>	
<p><b>RIS0720(1) Item 2 ARIC Annual Report</b></p> <p><b>RECOMMENDATION (Clr McKenna OAM/ Clr Steer)</b></p> <p><b>THAT the Audit Risk and Improvement Committee receive and note the ARIC Annual Report.</b></p> <p>Carried unanimously</p>		
<p><b>RIS0720(1) Item 3 Overview of IWC response to COVID 19: (no report)</b></p> <p>IWC has been working on developing a new Incident Management Framework and Plan, and a Business Continuity Framework and Plan, over the last 18 months.</p> <p>Training was provided to the Incident Management Team (IMT) in February 2020. The IMT continue to meet 1-3 times a week.</p> <p>Staff working in services that were closed due to Covid-19 have been placed in other departments to provide assistance while their usual service is closed.</p> <p>A Working from Home Policy was developed in January 2020 which put Council in a good position when Covid-19 hit to ensure staff could work from home effectively.</p> <p>The Work, Health and Safety (WHS) team have seen an increased use of the employee assistant program (EAP). There has also been an increase in other WHS incidents.</p> <p>Increased hygiene facilities have been made available including sneeze screens in customer service locations and hand sanitiser widely available.</p> <p>The Chair noted that the IWC Covid-19 response was among the best he had seen. He recommended that IWC: i) Document what has happened to enable an update to the Business Continuity Plan, ii) Compile a summary list of decisions made and why for reference and later follow up, iii) Capture any delegation changes over this time including what was delegated to the Mayor, CEO and other officers in the interests of a timely response.</p> <p><b>RECOMMENDATION (Clr McKenna OAM/ Heather Smith)</b></p> <p><b>THAT the Audit, Risk and Improvement Committee receive and note the verbal update.</b></p> <p>Carried unanimously</p>		

<p><b>RIS0720(1) Item 4 Audit Office Client Service Plan for YE 6/2020: (no report)</b></p> <p>The Audit Office of NSW is progressing through the IWC audit including a review of the impact of the new accounting standards. They are currently reviewing Fair Value Assessment, and looking at reconciliations and transition controls over the move to TechOne with management.</p> <p>There was a transition to TechOne for the revenue system. The External Audit team are working with management on this before a final report comes back to the ARIC.</p> <p>The Interim Management Letter will include follow-up on issues identified at the previous audit.</p> <p>The Audit Office is working with the Finance team towards having the Financial Statements ready for October 2020.</p> <p>There are three performance audits which will be shortly available that are sector wide across Local Government on Credit Cards, Procurement and Development contributions.</p> <p><b>RECOMMENDATION (Clr McKenna OAM/ Heather Smith)</b></p> <p><b>THAT the Audit, Risk and Improvement Committee receive and note the verbal update.</b></p> <p>Carried unanimously</p>		
<p><b>RIS0720(1) Item 5 Update from Finance Team: (no report)</b></p> <p>Currently on track with the audit timetable.</p> <p>The Audit Office has been provided with all information for the soft close which was in April. Audit office are currently reviewing and will report back.</p> <p>There has been an estimated \$9 Million loss of income due to Covid-19.</p> <p>The Chief Financial Officer (CFO) advised that cashflow was not currently a concern for IWC. The CFO will provide the ARIC with an update on IWC cashflow and financial position at the next ARIC meeting.</p>		

<p><b>RECOMMENDATION (Emily Hodgson/Heather Smith)</b></p> <p><b>THAT the Audit, Risk and Improvement Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Receive and note the verbal update; and</b></li> <li><b>2. Receive an update on Council’s results, cash flow and financial position at the next ARIC meeting.</b></li> </ol> <p>Carried unanimously</p>	<p>CFO</p>	<p>2 September 2020</p>
<p><b>RIS0720(1) Item 6     ICT Security</b></p> <p>There has been an increased cyber security risk profile which has needed alignment. A number of initiatives have been rolled out.</p> <p>To date, 60% of hybrid devices (laptops) have been rolled out to the organisation. There was a 3-4-month delivery delay for devices ordered in January as it was shipped from China. These were rolled out 2-3 weeks ago. IWC is right at the end of deployment. No delays are forecast for the final delivery.</p> <p>There is a new version of TechOne which Council is transitioning to. Release 4 for TechOne (Property and Rating) went live in early February 2020. Release 5, Strategic Asset Management and Purchase Contracts have commenced planning. Final Release 5 components (IPR Reporting and Capital Project Delivery) are scheduled for February/March 2021.</p> <p><b>RECOMMENDATION (John Gordon/ Clr McKenna OAM)</b></p> <p><b>THAT the Audit Risk and Improvement Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Receive and note the report on ICT Security;</b></li> <li><b>2. Receive an update on encryption and being able to ‘burn’ Council data being used on personal devices; and</b></li> <li><b>3. Receive an update on ICT Security and a breakdown of the Techone budget at the November 2020 meeting.</b></li> </ol> <p>Carried unanimously</p>		
<p><b>RIS0720(1) Item 7     Major Capital Projects Update</b></p> <p>The Ashfield Aquatic Centre project is currently on track and on budget and is scheduled to be completed on 11 September 2020.</p> <p>Dawn Fraser Baths has had some minor latent issues identified, but will be opened in the summer (later than planned).</p> <p>Parramatta Road Improvement is 100% funded (\$20m) and is in the design phase.</p>		

<p>The Greenway project needed some design changes due to issues in obtaining approvals from other authorities which has delayed the project.</p> <p><b>RECOMMENDATION (Clr McKenna OAM/ Emily Hodgson)</b></p> <p><b>THAT the Audit Risk and Improvement Committee receive the report and note the information.</b></p> <p>Carried unanimously</p>		
<p><b>RIS0720(1) Item 8 Update from Internal Audit (EY): (no report)</b></p> <p>The Children Services financial payment audit report was issued in February 2020 and has been sent to management. Management to respond to EY with agreed actions.</p> <p>A review of the post implementation of TechOne Stage 4 to commence shortly. Results of this review will be reported back at the next ARIC meeting.</p> <p>Strategic Risk Assessment project scope was tabled in April and awaiting feedback and timing to commence.</p> <p>A Forensic specialist has reviewed the Fraud Control Plan and Policy. A report was sent to management in May 2020.</p> <p>EY Children Services Risk Assessment has commenced.</p> <p><b>RECOMMENDATION (Heather Smith/John Gordon)</b></p> <p><b>THAT the Audit, Risk and Improvement Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Receive and note the verbal update; and</b></li> <li><b>2. Receive an update at the next ARIC meeting on the Fraud Control Plan and the Children’s Services Audit.</b></li> </ol> <p>Carried unanimously</p>	<p>Senior Manager Business Excellence, Risk, WHS and Customer Service</p>	
<p><b>RIS0720(1) Item 9 Update from IOSS: (no report)</b></p> <p>During the existence of the IOSS, there have been 276 complaints made with 18 new complaints since the last ARIC meeting on 26 February 2020. In the last quarter there has been an increase in complaints. During this quarter, regular complains have reduced however there have been more Code of Conduct complaints.</p> <p>Inner West Council’s processes for dealing with Covid-19 and staff response have been excellent. The IOSS conducted a Q&amp;A session with Inner West Council staff about their service with positive feedback from participants.</p> <p>IWC has asked IOSS to set up a “Fraud &amp; Corruption” triage service.</p>		

<p>The IOSS Management Committee will meet on 31 July to discuss its future direction and establish a consistent approach in all three councils. The IOSS to report back to ARIC on the outcomes of this meeting.</p> <p>The IOSS Annual report to be completed soon. This will go to the IOSS Management Committee and then will be report to an ARIC meeting.</p> <p>An Independent review has occurred on the IOSS and results will be reported to the Management Committee and later the ARIC.</p> <p><b>RECOMMENDATION (Emily Hodgson/ Heather Smith)</b></p> <p><b>THAT the Audit, Risk and Improvement Committee receive and note the verbal update.</b></p> <p>Carried unanimously</p>		
<p><b>General Business</b></p> <p>Staff survey results has been positive. The survey was held 12 months after the new CEO commenced. Increased leadership, communication and systems have played a part in the improved results. The Director Corporate to circulate results of the staff survey to ARIC members after Council has been briefed.</p> <p>The Community survey will occur later this year.</p>	<p>Director Corporate</p>	<p>2 September 2020</p>
<p><b>Next Meetings</b></p> <ul style="list-style-type: none"> <li>• 2 September 2020</li> <li>• 21 October 2020 (financial)</li> <li>• 18 November 2020</li> </ul>		

Meeting closed at 7.41pm.

Chairperson – John Gordon