

**Minutes of Audit, Risk and Improvement Committee Meeting held on 16 August 2023
via Microsoft Teams.**

Meeting commenced at 5.30 pm

Prior to the meeting the Audit, Risk and Improvement Committee met in-camera.

PRESENT

Audit Risk & Improvement Committee Members	
Independent Member – Acting Chair	Ilona Meyer
Independent Member	Mark Sercombe
Councillor member	Clr Liz Atkins
Other attendees	
General Manager	Peter Gainsford
Director Corporate	Kelly Loveridge
Director Planning	Simone Plummer
Director Community	Ryann Midei
Director Infrastructure	Ruth Callaghan
Senior Manager Capital Works	Stuart Hull
Senior Manager Customer Experience and Service Transformation	Melanie Gurney
Manager Customer Experience and Innovation	Michael Spikmans
Acting Chief Technology Officer	Brent Pickering
Acting Chief Financial Officer	Chris Sleiman
Financial Reporting and Control Manager	Aigul Utegenova
Manager Strategic Investments and Property	Scott Mullen
Senior Manager Governance and Risk	Beau-Jane De Costa
Risk and Audit Manager	Justin Lucas
Risk and Audit Officer – Minute taker	Ngaire Meekan
Governance Manager	George Georgakis
Director, Financial Audit, NSW Audit Office	David Daniels
KPMG	Aisling Kilgannon
KPMG	Elizabeth Watts
KPMG	Jason Scott
Internal Ombudsman	Josh Jongma
Observer	Clr John Stamolis

ACKNOWLEDGMENT OF COUNTRY

The chairperson acknowledged the traditional custodians of the lands on which the meeting took place and paid her respects to elders past, present and emerging.

The Acting Chair, Ilona Meyer, welcomed Committee members and attendees to the meeting.

Attendees in person and online introduced themselves to the Committee.

The Committee acknowledged and welcomed George Georgakis, Governance Manager, KPMG Partners Aisling Kilgannon and Elizabeth Watts and Jason Scott and Josh Jongma, Internal Ombudsman, to their first meeting of the ARIC.

APOLOGIES:

Apologies from Clr Philippa Scott, Ray Bailey, Audit Manager, NSW Audit Office, and Prue Foreman, Corporate Strategy and Engagement Manager.

DISCLOSURES OF INTERESTS:

The ARIC Members confirmed there were no changes to their disclosures of interests. All members confirmed they had no conflicts in relation to any matter before the ARIC.

CONFIRMATION OF MINUTES:

DISCUSSION

The Minutes of the Audit, Risk and Improvement Committee Meeting held on 5 April 2023 were adopted by the ARIC at its meeting held on 17 May 2022.

The Minutes of the ARIC held on Wednesday, 17 May 2023 were confirmed as a correct record out of session on 10th July 2023 and were approved but not signed by the Chair, John Gordon, prior to his retirement from the ARIC effective 30 June 2022. Minutes of both meetings were adopted by Council at the meeting held on 8 August 2023.

The Committee noted the above and resolved to authorise the Acting Chair to sign the Minutes of the 17 May 2023 meeting.

RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Wednesday, 5 April 2023, be confirmed and the Acting Chair be authorised to sign them as a correct record of the meeting.

Moved: Mark Sercombe
Seconded: Clr Liz Atkins

Carried.

RIS0823(1) Item 1 Acting ARIC Chair, ARIC Recommendations (Action Items) and 2023 Forward Calendar

DISCUSSION

The Risk and Audit Manager referred to the paper and it was taken as read.

The Risk and Audit Manager noted that on 27 July 2023 Ilona Meyer had been appointed as Acting Chair of the ARIC in accordance with the Committee Terms of Reference. The Committee was informed about the implementation and status of ARIC Recommendations and matters identified on the 2023 ARIC forward calendar.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the reports.

Moved: Cllr Liz Atkins

Seconded: Mark Sercombe

Carried

RIS0823(1) Item 2 General Manager Verbal Update**DISCUSSION**

The General Manager provided an update to the Committee as summarised below.

Council has completed its acquisition of commercial investment properties. Council has delivered a number of capital projects including the Leichhardt skate park and the Inner West Sustainability Hub. Significant ongoing projects include the Greenway project and the extension of food recycling to all homes throughout the Inner West in October through its Food Organics and Garden Organics (FOGO) project.

Council is progressing to implement its service review framework and business excellence framework, with significant focusses on continuous improvement initiatives in relation to its engineering services, asset management and development assessment service areas.

The General Manager was very pleased to share that Council is a finalist in this year's Local Government NSW 'AR Bluett Memorial Award for outstanding achievement in local government'.

The ICAC Operation Hector public hearings have concluded.

The business case for de-amalgamation remains under consideration by the Local Government Boundaries Commission.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the verbal update.

Moved: Mark Sercombe

Seconded: Cllr Liz Atkins

Carried

RIS0823(1) Item 3 Internal Ombudsman Shared Service Update and Annual Report

The Acting Internal Ombudsman referred to the paper and it was taken as read.

The Acting Internal Ombudsman highlighted some key items in the IOSS Annual report 2022-2023 presented to the Committee; being trends in matters received or investigated and data on handling complaints.

The IOSS year ahead includes the IOSS Strategic Planning, engaging with Councils on preparations for the 2024 Local Government elections (expected trend for higher code of conduct complaints) and the Public Disclosure Act coming into effect from October 2023 (noting that Inner West Council has policy update work underway to prepare for this itself).

The Committee discussed the difference between handling service matters for Council and complaints to be handled by IOSS. Further discussion focussed on the comparatively lower number of complaints for Inner West Council compared to other IOSS Councils.

RECOMMENDATION

- 1. That the Audit, Risk and Improvement Committee receive and note the update and the Annual Report.**
- 2. That the next Internal Ombudsman Shared Service report to include further information regarding the IOSS Annual Report's 2022-2023 Committee Case study.**

Moved: Cllr Liz Atkins
Seconded: Ilona Meyer

Carried

The Acting Chair brought forward Item 13.

RIS0823(1) Item 13 Internal Auditor KPMG - Introduction and Status Update

DISCUSSION

Partners from Council's newly appointed Internal Audit service provider, KPMG, introduced themselves and key members of their personnel to the Committee.

KPMG Partner Aisling Kilgannon referred to the paper and it was taken as read.

The first audit – regarding Records Management – is underway. The next three projects (Technology One Implementation, Privacy and Cyber Security and Fraud and Corruption) are being scoped with Council's Risk and Audit team. It was noted KPMG will draw on a range of resources to complete each internal audit project currently listed on the ARIC Forward Calendar for 2023.

The Committee commented on Office of Local Government (OLG) and legislative standards and frameworks suitable for audit scope and comparison analysis, and the desire for the planned audits to be concluded this calendar year.

RECOMMENDATION

That the Audit, Risk and Improvement Committee note the report provided by the Internal Auditor KPMG.

Moved: Mark Sercombe
Seconded: Cllr Liz Atkins

Carried

RIS0823(1) Item 4 Semi-Annual Customer Service and Experience Report

The Senior Manager Customer Experience and Service Transformation referred to the paper and it was taken as read.

The Senior Manager Customer Experience and Service Transformation reported on the implementation of the Service Charter across the Council’s touch points.

The five year Customer Experience Strategy development is almost completed with both community and internal council consultation undertaken. The Draft Customer Experience Strategy is expected to be put to Council in September 2023 for approval and authorised for public exhibition.

Improvements have been undertaken to the Council’s website and online portal; involving a redesigned interface for the online portal and use of analytics of the website to inform future website advances.

Customer feedback is being measured via a recently developed dashboard to track compliments, complaints and suggestions for improvement. A further dashboard has been developed to track the quality of customer correspondence. In addition, a Complaints Policy review is being undertaken, to address privacy compliance and the management of complaints, in collaboration with IOSS.

The Committee conveyed their interest to receive customer feedback reports, that include Key Performance Indicator comparisons and trends, to monitor continuous improvement.

The Committee were interested to understand online analytics in relation to tracking Council website visitors and user behaviour and the performance metrics assigned for measuring multi-channel communications, such as social media followers.

RECOMMENDATION

- 1. That the Audit, Risk and Improvement Committee receive and note the report.**
- 2. That the next Semi-Annual Customer Service and Experience Report include:**
 - specific data and trend analysis regarding the customer feedback compliments, complaints and suggestions for improvement**
 - information relating to google analytics (GA) and level of user agreement to permit cookies.**

Moved: Ilona Meyer
 Seconded: Mark Sercombe

Carried

RIS0823(1) Item 5 Q4 Report - Quarterly Report on Progress against Delivery Program and Operational Plan 2022-23

The Director Community referred to the paper and it was taken as read.

The Director Community reported to the Committee on matters including the cycle of integrated planning and reporting required under the *Local Government Act 1993*, such as the new Operational Plan 2023/24 adopted by Council at its 20 June 2023. It was noted the new Plan incorporates improved KPI’s across Council, to more accurately reflect operational work and appropriate data sets.

The Committee noted a number of achievements during the quarter relating to Council’s delivery of open spaces, sustainability programs and excellence awards. The process to monitor outstanding action items was provided; including executive meetings, major project updates and regular reporting to Council.

RECOMMENDATION

1. That the Audit, Risk and Improvement Committee receive and note the report.
2. That the next Internal Quarterly Report on Progress against Delivery Program and Operational Plan to include information regarding the 2022-23 performance metrics assigned for measuring multi-channel communications, such as social media followers (5.3.1).

Moved: Cllr Liz Atkins
 Seconded: Mark Sercombe

Carried

RIS0823(1) Item 6 Delivery Program 2022-26 (Year 2), Operational Plan and Budget 2023/24, Long Term Financial Plan 2023-33

The Acting Chief Financial Officer referred to the paper and it was taken as read.

Acting Chief Financial Officer highlighted the Budget process and key planning elements and external factors impacting the on planned surplus; being Emergency Services Levy and Award increase. Discussion included the submissions received from the public exhibition of the Draft Plan, including a petition relating to pool opening hours) and queries on Budget and Long Term Financial Plan line items.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the adopted documents.

Moved: Mark Sercombe
 Seconded: Cllr Liz Atkins

Carried

RIS0823(1) Item 7 Semi-Annual ICT Report

DISCUSSION

The Acting Chief Information Officer referred to the paper and it was taken as read.

The Acting Chief Information Officer reported to the Committee on matters including penetration testing, implementation at Council of NSW Cyber Security Policy requirements and Council's response preparations for cyber incidents. The Committee discussed technical reports and the new Mandatory Data Breach Reporting requirements which come into force in November 2023.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the report.

Moved: Mark Sercombe
 Seconded: Liz Atkins

Carried

RIS0823(1) Item 8 Major Projects update

The Director Infrastructure and Senior Manager Capital Works referred to the paper and it was taken as read.

The Director Infrastructure and Senior Manager Capital Works gave an overview on Major Projects. The Committee discussed various projects, grants and project reporting on risk management.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the report.

Moved: Clr Liz Atkins
 Seconded: Mark Sercombe

Carried

RIS0823(1) Item 9 Acquisition and ongoing management of investment properties

DISCUSSION

The Manager Strategic Investments and Property referred to the paper and it was taken as read.

The Manager Strategic Investments and Property provided a report to the Committee in relation to Council’s management of its current investment properties, now the recent acquisitions have completed. The Committee discussed Council’s approach to contract administration and management, including its approach to matters raised during the due diligence process including the ten year capital and maintenance schedules for the properties.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the report.

Moved: Ilona Meyer
 Seconded: Clr Liz Atkins

Carried

RIS0823(1) Item 10 Investment Report as at 30 June 2023

DISCUSSION

The Acting Chief Financial Officer referred to the paper and it was taken as read.

The Acting Chief Financial Officer provided an update on Council’s investments and commitments in relation to green and fossil fuel related investments.

The Committee discussed Council’s investment advisors and the timing of maturity of its investments and for decisions to be made on future investments. It also discussed matters relating to internal and external restricted investments and Council’s working funds.

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the report.

Moved: Mark Sercombe

Seconded: Clr Liz Atkins

Carried

RIS0823(1) Item 11 Update on the preparation of the Financial Statements for the Financial Year ending 30 June 2023

DISCUSSION

The Financial Reporting and Control Manager referred to the paper and it was taken as read.

The Financial Reporting and Control Manager reported to the Committee on the progress of the preparation of the Financial Statements and of the external audit conducted by the NSW Audit Office. The Committee discussed Council's approach to fair value determination for all asset classes, to capitalisation of assets and to key management personnel and designated persons mandatory disclosures .

RECOMMENDATION

That the Audit, Risk and Improvement Committee receive and note the report.

Moved: Ilona Meyer

Seconded: Clr Liz Atkins

Carried

RIS0823(1) Item 12 Quarterly Governance, Risk Management, Compliance and Audit Report

DISCUSSION

The Senior Manager Governance and Risk referred to the paper and it was taken as read.

The Senior Manager Governance and Risk provided an overview of the report including on the expression of interest for ARIC independent members, Governance and Risk resourcing, the development of the new delegations framework, the governance framework, the compliance obligations framework and register and the status of the policy harmonisation project.

The Committee was appraised of on steps being taken to prepare for mandatory data breach notification requirements and information security and Council's development of an ethics and compliance e-learning training program.

The Committee discussed implementation of the risk management framework, progress resolving internal and external audit actions and implementation of the Office of Local Government draft Guidelines on Risk Management and Internal Audit.

RECOMMENDATION

1. That the Audit, Risk and Improvement Committee receive and note the report.

2. That future attachments to the Governance and Risk Management report (of open, closed and high risk audit actions, and similar) be more clearly marked.
3. That a future report or further information be provided to the ARIC on the outstanding audit actions in relation to Local Infrastructure Contributions.

Moved: Mark Sercombe

Seconded: Cllr Liz Atkins

Carried

RIS0823(1) Item 13 Internal Auditor KPMG - Introduction and Status Update

This item was heard and is reported after Item 3.

GENERAL BUSINESS

The Committee discussed the implementation of the OLG draft Guidelines on Risk Management and Internal Audit, which will be the subject of a discussion at upcoming ARIC meetings. There was no further General Business Discussion.

Meeting closed at 8 pm.

CHAIRPERSON