

Minutes of Meeting

Online Meeting commenced at 2:30pm

On Wednesday 29 May 2024 at 2pm the Audit, Risk and Improvement Committee (ARIC or Committee) met in-camera online.

PRESENT

Audit Risk & Improvement Committee Members	
Independent Member – Acting Chair	Ilona Meyer
Independent Member	Mark Sercombe
Independent Member	Vacant
Councillor	Clr Liz Atkins
Councillor	Clr Philippa Scott
Other attendees	
General Manager	Peter Gainsford
Director Corporate	Kelly Loveridge
Director Planning	Simone Plummer
Director Infrastructure	Ryann Midei
Senior Manager Capital Works	Stuart Hull
Corporate Strategy and Engagement Manager	Prue Foreman
Acting Chief Information Officer	Brent Pickering
Chief Financial Officer	Chris Sleiman
Acting Financial Reporting and Control Manager	Ramani Sathananthan
Senior Manager People and Culture	Helen Lyons
Senior Manager Customer Experience and Service Transformation	Melanie Gurney
Manager Customer Experience and Innovation	Michael Spikmans
Manager Service Improvement	Francesca Simpson
Senior Manager Governance and Risk	Beau-Jane De Costa
Risk WHS and Audit Manager	Justin Lucas
Governance Manager	Julian Sakarai
Risk and Audit Officer – Minute taker	Ngaire Meekan
Director, Financial Audit, NSW Audit Office	Manuel Moncada
Audit Leader for IWC, NSW Audit Office	Chariee Bultitude
KPMG Internal Audit Partner	Aisling Kilgannon
KPMG Associate Director	Adriana Marques
KPMG Director Forensic	Carl Fredriksen
Internal Ombudsman	Elizabeth Renneberg
Senior Manager Capability and Performance, Centium	Sarah Artist

ACKNOWLEDGMENT OF COUNTRY

The Acting Chair, Ilona Meyer, acknowledged the traditional custodians of the land 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 and acknowledged the appointment of Chris Sleiman as Chief Financial Officer and Julian Sakarai as Governance Manager. The Acting Chair noted the resignation of Kelly Loveridge, Director Corporate and thanked her for her service to Council.

APOLOGIES:

Apologies from Ruth Callaghan, Director Community, Steven Thompson, Chief Information Officer and Scott Mullen, Manager Strategic Investments and Property.

DISCLOSURES OF INTERESTS:

Mark Sercombe, Independent Member, confirmed Appointments since the last IWC ARIC:

1. Two additional NSW Government Audit and Risk Committees (ARC):
 - Cancer Institute – NSW Health
 - The shared ARC of the NSW Cabinet Office, NSW Premier's Department and - NSW Parliamentary Counsel's Office
2. Appointed as chair of the Bayside Council's ARIC. Was already a member of the Council's ARIC.

Mark did not foresee any conflicts with the IWC arising from these appointments.

The other Committee Members confirmed there were no changes to their disclosures of interests.

All Committee Members confirmed they had no conflicts of interest in relation to any matter before the ARIC.

CONFIRMATION OF MINUTES:

RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee held on Wednesday, 20 March 2024 that were adopted by the ARIC out of session on 26 March 2024 and by Council at the meeting held on 9 April 2024. Accordingly, they will be signed by the Acting Chair, per the Terms of Reference for the Committee

Moved: Mark Sercombe
Seconded: Clr Atkins
Carried.

RIS0524 Item 1 ARIC Recommendations (Action Items) and 2024 Forward Agenda

DISCUSSION

The Committee noted there will be a revised Financial Year based Forward Calendar presented to the Committee in August 2024, including alignment with the new OLG guidelines. The Committee requested the action item in relation to the current Forward Calendar to remain open and in place, until Committee has received and adopted the new format Forward Calendar.

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Cllr Atkins
Carried.

RIS0524 Item 2 General Manager Verbal Update

DISCUSSION

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

The Independent Commission Against Corruption (ICAC) has released its report on its Investigation into the awarding of Transport for NSW and Inner West Council contracts. As outlined in the report before the Committee, Council has undertaken a significant amount of work to enhance its corruption prevention systems, and is advanced in addressing the recommendations made by ICAC in its report. The Committee noted Council's commitment to resourcing and planning to fully implement all of ICAC's recommendations, maintain a continual focus on fraud and corruption prevention, and keep the Committee updated on the measures Council is taking to manage fraud and corruption risks.

The Committee was updated on the launch of the Australian Business Excellence Framework (Framework), as the next stage of Council's improvement journey. The launch occurred at Council's first Leader's Day for 2024, with more than 200 staff in leadership roles attending the event. The event's theme was "Continuing with Excellence" and leaders were introduced to the Framework and the tools Council has made available to them to incorporate the Framework into operations.

The General Manager updated the Committee on the Rozelle Parklands site, and noted the discovery of blue-green algae at the site, as has been publicly reported. Council continues to work closely with Transport for NSW and the motorway corporation to minimise risks to the public.

The General Manager noted that a report in relation to Council's Development Assessment Service Review would be considered by the Committee.

The General Manager acknowledged that the Director Corporate, Kelly Loveridge, is leaving Council and thanked her for her service and dedication. Beau-Jane De Costa will shortly be announced as the Acting Director Corporate.

RECOMMENDATION

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

Moved: Cllr Atkins
Seconded: Mark Sercombe
Carried.

RIS0524 Item 3 Operation Hector

DISCUSSION

Senior Manager Governance and Risk referred to the paper and it was taken as read. She discussed Council's approach and strategy to implement ICAC recommendations and informed the Committee of progress implementing improvement activities and controls consistent with those recommendations. Council will commission an internal audit to review implementation of the recommendations.

The Committee discussed the Office of Local Government (OLG) Guidelines for Risk Management and Internal Audit (Guidelines) including the General Manager attestation requirements applying from 1 July 2024 and implications for reporting.

The Committee discussed Council's efforts to promote ethical conduct including leadership and whole of organisation e-learning on ethics and compliance. This includes training delivered by IOSS and the communications initiative 'speak up'. The Committee discussed the relevance of engagement surveys, Council's values of integrity and respect and the holistic approach being undertaken across Council to effect cultural change as a component of effective fraud and corruption control and risk and compliance management.

The Committee discussed how the message concerning protections for those reporting any fraud or misconduct is and can be communicated to suppliers in addition to staff and the channels for such reports to be made.

The Committee requested a follow up in 6 months on progress of Operation Hector actions.

RECOMMENDATION

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

That Audit, Risk and Improvement Committee receive an update on progress implementing Operation Hector actions at its 20 November 2024 meeting.

Moved: Cllr Scott

Seconded: Mark Sercombe

Carried.

RIS0524 Item 4 Development Assessment Service Review

DISCUSSION

The General Manager referred to the paper and it was taken as read. The Committee discussed benchmarking and results implemented to date and financial and other future implications. The General Manager noted that work recommended through service reviews is implemented and progress tracked through operational plan actions.

The Director Planning noted improvement steps and performance improvement measures and confirmed that Council KPI's target and track the median development applications processing days. The Committee noted the paper will be reported to Council.

RECOMMENDATION

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

Moved: Clr Scott
Seconded: Mark Sercombe
Carried.

RIS0524 Item 5 Internal Ombudsman Shared Service Update

DISCUSSION

The Internal Ombudsman referred to the paper and it was taken as read. The Committee discussed usage statistics and implications and whether suppliers to Council can contact the Ombudsman and access the service in relation to material matters and complaints. The Committee discussed shared services forums and the use of reference checks and child protection responsibilities for minors.

RECOMMENDATION

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

Moved: Clr Atkins
Seconded: Ilona Meyer
Carried.

RIS0524 Item 6 KPMG - Internal Audit Status Update

DISCUSSION

KPMG Internal Audit Partner referred to the paper and it was taken as read. The Committee discussed the ICT strategy, recruitment and deadlines indicated in the management comments of the Technology One Implementation Health Check report. The Committee discussed the Fraud and Corruption Control internal audit, its areas of focus, results to date and recommendations. The Committee noted it will receive a further report at the August 2024 meeting on this topic.

RECOMMENDATION

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

Moved: Clr Atkins
Seconded: Mark Sercombe
Carried.

RIS0524 Item 7 NSW Audit Office Verbal Update

DISCUSSION

Director Financial Audit, Audit Office provided the committee with an update on the progress of the audit of the financial statements and the associated timelines and outcomes to be delivered; with a draft management letter anticipated towards the end of June. He also discussed Auditor General Reports including Local Government 2023 report key recommendations and management at IWC is responding to those, and the strong focus on cybersecurity and governance controls, IWC is mentioned to acknowledge that the statements received an unmodified opinion and received within the statutory deadline.

RECOMMENDATION

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

Moved: Clr Scott
Seconded: Ilona Meyer
Carried.

RIS0524 Item 8 Semi-Annual Customer Experience Report

DISCUSSION

Manager Customer Experience and Innovation referred to the paper and it was taken as read. He provided an update on the progress and initiatives with a key focus on improving how Council is managing complaints; with an updated complaints handling policy and easier options for customer interaction e.g. mobile customer service stalls. The Committee noted there are indications of a significant decrease in complaints, with Council tracking against 4 years of data. The update included online analytics and visitor activity and understanding user on web-site journey and geographic distribution; an area of Committee interest at a previous meeting.

RECOMMENDATION

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

Moved: Clr Atkins
Seconded: Clr Scott
Carried.

RIS0524 Item 9 Service Reviews Verbal Update

DISCUSSION

Senior Manager Customer Experience & Service Transformation and Manager Service Improvement referred to the paper and it was taken as read. The update discussed the Engineering and Asset Management service review, focussing on services, structure and improvement opportunities. The Facilities Management service review is considering matters including financial management, reactive and planned maintenance, and staff engagement; with the report at drafting stage. All service review action plans will be shared with the ARIC.

Centium Senior Manager Capability and Performance provided an update on the review of Environmental Health and Building Regulation service unit, under the Planning Directorate. The scope encompasses: development compliance, fire safety, regulation of food safety, pollution and public safety. There is high staff engagement in examining customer experience, the technology, policy and protocols and the workforce; enabling staff to review and provide input into a new compliance and enforcement policy.

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Ilona Meyer

Carried.

RIS0524 Item 10 Semi-Annual People and Culture and Wellbeing

DISCUSSION

Senior Manager, People & Culture referred to the paper and it was taken as read. The Committee discussed health and wellbeing indicators, turnover trends and exit activities. The Committee was also interested in understanding Council's culture in aspects including accountability, reporting and managing risks.

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Cllr Atkins
Carried.

RIS0524 Item 11 Semi-Annual ICT Report

DISCUSSION

The Acting Chief Information Officer referred to the paper and it was taken as read. Discussions covered a recent data breach on a limited number of documents after a TechnologyOne scheduled upgrade, and subsequent resolution and finalisation of the Privacy Officer's report. Officers have identified key areas to mitigate during upgrade and improvements to testing profile. The Committee received an overview of the process triggered by any such event.

The Committee discussed the foundational requirements for assessing cyber security maturity (as provided by Office of Local Government 2022 Cyber Security Guidelines).

RECOMMENDATION

That Audit, Risk and Improvement Committee to

- 1. receive and note the report.**
- 2. receive an out of session update on the recent data breach.**
- 3. receive the update report to ARIC on any breach investigation.**
- 4. receive an update Council's standing against the NSW Local Government Cyber Security Guidelines and Self-Assessments.**

Moved: Mark Sercombe
Seconded: Ilona Meyer
Carried.

Cllr Scott departed the meeting at 4.19 pm.

RIS0524 Item 12 Integrated Planning and Reporting update

DISCUSSION

The Corporate Strategy and Engagement Manager referred to the paper and it was taken as read. The Committee noted the range of submissions received whilst the Council's key strategic plans have been on exhibition and timeline for adoption.

RECOMMENDATION

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

Moved: Ilona Meyer
Seconded: Mark Sercombe
Carried.

RIS0524 Item 13 Quarterly Major Projects Report

DISCUSSION

The Senior Manager Capital Works and Director Infrastructure referred to the paper and it was taken as read. The Committee were provided with an overview of particular project challenges and approaches for key projects and the associated assurance established for a new project at construction phase.

The Committee discussed matters in relation to project scoping, valuation considerations for capital project delivery timing and the benefit of Project Manager – Scheduler roles for oversight of infrastructure works programming.

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Clr Atkins
Carried.

RIS0524 Item 14 Investment Report as at March 2024

DISCUSSION

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

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Clr Atkins
Carried.

RIS0524 Item 15 Quarterly Budget Review Statement (Q3 to March 2024)

DISCUSSION

The Chief Financial Officer referred to the paper and it was taken as read. The Committee discussed considerations relating to the financial forecast.

RECOMMENDATION

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

Moved: Mark Sercombe
Seconded: Ilona Meyer
Carried.

RIS0524 Item 16 Planning for Financial Statements for the Financial Year ending 30 June 2024

DISCUSSION

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

The Committee noted an adjustment to the schedule listed in August may be required to enable ARIC to review of financial statements and requested Council officers make arrangements to ensure the timing is feasible.

The Committee discussed the need for an executive summary to accompany the financial statements; with analytic review especially on intangibles and comparative against prior year financial statements.

RECOMMENDATION

That Audit, Risk and Improvement Committee

- 1. receive and note the report..**
- 2. receive a revised schedule date to enable ARIC to review of the FY2023/24 financial statements**
- 3. receive an overarching executive summary to accompany the FY2023/24 financial statements.**

Moved: Clr Atkins
Seconded: Mark Sercombe
Carried.

RIS0524 Item 17 Asset Revaluations for the financial year Ending 30 June 2024

DISCUSSION

The Chief Financial Officer referred to the paper and it was taken as read. He highlighted team engagement in the revaluations and capitalisation process and timing.

The Committee discussed covered reserves for asset classes and factors that influence the variation in valuation, such as discovery of unregistered assets (increase) or non-renewal of existing assets (decline). The primary aim is for accuracy in the asset register valuation records.

RECOMMENDATION

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

Moved: Clr Atkins
Seconded: Mark Sercombe

Carried.

RIS0524 Item 18 Quarterly Investment Properties Update

DISCUSSION

The Director Corporate referred to the paper and it was taken as read. The Director updated the Committee on recent stakeholder engagement, such as site visits to the property and meeting with key partner tenants (such as Local Health District). The Committee noted the physical site visitation and efforts to maintain relationships with intermediaries are good practice to managing remote assets and suppliers.

RECOMMENDATION

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

Moved: Clr Atkins
Seconded: Mark Sercombe
Carried.

RIS0524 Item 19 Semi-Annual 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 Committee discussed matters including recruitment and personnel in the service area.

The Committee noted the Policy Harmonisation Project is a finalist in the LG excellence awards, recent updates to certain policies and measures to ensure awareness for new and existing staff. The Committee discussed the development of the updated governance framework and numerous registers and their role ensuring Council meets certain critical requirements. The Committee discussed preparations for the upcoming local government elections and to induct councillors in the new term.

The Committee considered Council's preparations for the introduction of new OLG Guidelines and associated attestation requirements, work health and safety management matters, the Strategic Risk Register and Council's measures to mitigate risks.

The Committee noted that the ARIC will be kept up to date with progress of the implementation of both Operation Hector and recent Audit actions.

RECOMMENDATION

That Audit, Risk and Improvement Committee (ARIC) note:

- 1. the governance team and projects update**
- 2. the Strategic Risk Register assessment as at May 2024 and progress in relation to the Risk Implementation Plan;**
- 3. compliance management;**
- 4. fraud and corruption control initiatives;**
- 5. work health and safety (including public safety) update and statistics; and**
- 6. the update on audit action resolution.**

Moved: Ilona Meyer

Seconded: Clr Atkins
Carried.

GENERAL BUSINESS

The Chair noted the changes to the ARIC member and voting composition from 1 July and thanked the Councillor members Clr Atkins and Clr Scott for their contributions as voting members of the Committee.

Meeting closed at 5.22 pm.