

**Minutes of Audit, Risk and Improvement Committee Meeting held on 5 April 2023 via  
Microsoft Teams**

**Meeting commenced at 5:30 pm**

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

**PRESENT**

<b>Audit Risk and Improvement Committee Members</b>	
Independent Member – Chair	John Gordon
Independent Member	Mark Sercombe
Independent Member	Ilona Meyer
Councillor	Clr Philippa Scott
Councillor	Clr Liz Atkins
<b>Other attendees</b>	
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
Senior Manager Customer Experience and Service Transformation	Melanie Gurney
Manager Customer Experience and Innovation	Michael Spikmans
Service Improvement Manager	Francesca Simpson
Acting Chief Information Officer	Steven Thompson
ICT Infrastructure Manager	Sasha Sutarov
Financial Partnering and Analytics Manager	Chris Sleiman
Financial Reporting and Control Manager	Aigul Utegenova
Senior Manager Governance and Risk	Beau-Jane De Costa
Risk and Audit Manager	Justin Lucas
Risk and Audit Officer	Ngairé Meekan
Director, Financial Audit, NSW Audit Office	David Daniels
Audit Manager, NSW Audit Office	Cassie Malone
Internal Ombudsman	Elizabeth Renneberg
Clr Stamolis	Observer

**ACKNOWLEDGMENT OF COUNTRY**

The Chair acknowledged the traditional custodians of the land on which the meeting took place both physically and virtually and paid his respects to elders past and present.

The Chair, John Gordon, welcomed Committee members and attendees to the meeting.

Beau-Jane De Costa introduced everyone in attendance to the Committee.

The Chair welcomed new Committee member Ilona Meyer to her first meeting, and Clr Stamolis as an observer. The Chair, John Gordon, welcomed Aigul Utegenova, Financial Reporting and Control Manager and Michael Spikmans, Manager Customer Experience and Innovation to their first meeting.

The Chair, John Gordon, thanked Independent Member Heather Smith for her contribution, to the Committee and the Council, as a foundation member of the Inner West Council ARIC.

**APOLOGIES:**

Apologies were received from the Chief Financial Officer (Daryl Jackson) and the Director, Community (Ruth Callaghan).

**DISCLOSURES OF INTERESTS:**

Mark Sercombe advised he is no longer a Member of the Audit and Risk Committee for the Western Sydney University.

John Gordon advised he is no longer a member of the Camden Council Audit, Risk and Improvement Committee.

The other independent and Councillor ARIC Members confirmed there were no changes to their disclosures of interests. All members advised in their opinion, they are not aware of any conflicts with regard to matters on the business papers.

**CONFIRMATION OF MINUTES:**

**That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Wednesday 16 November 2022 and Monday, 5 December 2022 be confirmed.**

Moved: Clr Scott

Seconded: Clr Atkins

Carried

**RIS0423            General Manager Verbal Update****DISCUSSION**

Peter Gainsford, General Manager gave a verbal update to the ARIC as summarised below.

The major development for the ARIC to note is the NSW Independent Commission Against Corruption (ICAC) inquiry Operation Hector, which is scrutinising the actions of several former employees of Transport for NSW and an employee of the former Leichhardt Council and the Inner West Council, among others.

ARIC was briefed on the range of initiatives undertaken by Council to improve controls and mature ethics, compliance, governance and procurement dimensions of its operations. ICAC

may make recommendations based on the historical facts before it, which will be considered by Council and implemented where applicable. Council will also be initiating an internal audit based on the issues raised during the inquiry.

In respect of the timing of the release of annual financial statements for the 2021/22 financial year, Council has engaged consultants following a selective tender process to review processes to prevent recurrence.

Council has purchased a Commercial property to assist with rental income which will supplement operational expenditure. Council is developing the framework for managing the property and the income. Council is undertaking due diligence on other investment opportunities.

The draft Budget has been tabled to Councillors. The draft Budget presents a strong financial plan and position which delivers surpluses and meets infrastructure renewal ratios.

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

The Committee discussed the importance of the Public Interest Disclosures (PID) Act reforms which come into force in approximately October 2023 and the benefits of having strong processes to enable reports of misconduct to be made.

**RESOLUTION**

- 1. That the Audit, Risk and Improvement Committee receive and note the report.**
- 2. That the Audit, Risk and Improvement Committee be provided with a report on revised Public Interest Disclosure processes at Council, at a later meeting.**
- 3. That the Audit, Risk and Improvement Committee be provided with a report on the commercial property acquisition process and the framework for ongoing property management and financial reporting, at a later meeting.**

Moved: Clr Scott  
Seconded: Clr Atkins

Carried

**RIS0423 Item 1    Internal Ombudsman Shared Service Update**

**DISCUSSION**

Elizabeth Renneberg, Internal Ombudsman highlighted the Quarterly IOSS report and noted the public release of its Annual Report.

Over the last quarter, Inner West Council has utilised the service at approximately 29% compared to the other participants in the service.

The IOSS has delivered training on Fraud and Corruption Control, including to approximately 150 Inner West Council officers in December 2022, with a high participant satisfaction rate.

Council had 29 complaints in the reporting period. Of these, none are now open. Three were finalised outside service standards, due to complexity.

Resources to assist Councils implement the new PID Act requirements have not yet been released. IOSS now anticipates participating in the delivery of the changed processes and

training by June 2023.

In terms of prevention work, the service has held two shared services forums. The service tabled a submission to the Office of Local Government (OLG) on the Councillor Misconduct Framework in February. The service has delivered training to People and Culture staff on how to conduct thorough workplace investigations, based on ICAC guidance.

The Committee discussed key trends in complaints and compliments statistics, the impending Modern Slavery Act provisions and other Council's implementation of the Act's requirements into procurement contracts.

The Committee noted that the Internal Ombudsman, Elizabeth Renneberg is taking maternity leave. The Chair and Committee wished her well and look forward to her return later in the year.

**RESOLUTION**

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

**That the Audit, Risk and Improvement Committee receive a report at a future meeting about the procurement review.**

**That the Audit, Risk and Improvement Committee receive a report at a future meeting about complaint and compliment trends received by Council.**

Moved: Mark Sercombe  
Seconded: Ilona Meyer

Carried

**RIS0423 Item 2      Progress update on Delivery Program 2022-26 (year two) and Operational Plan 2023/24**

**DISCUSSION**

Prue Foreman, Corporate Strategy and Engagement Manager noted the draft Delivery Program and Operational Plan is before the Council at its meeting on 11 April 2023. The draft plan was prepared by examining actions and their completion and key strategies Council resolutions and new projects which will take place during the 2023/24 financial year.

The draft plan will be exhibited online and in print at Council libraries and service centres. Submissions and Council's response to those submissions will be reported to Council at its meeting on 20 June 2023.

The Committee discussed approaches taken by Councils to audit Integrated Planning and Reporting (IP&R) frameworks and processes.

**RESOLUTION**

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

Moved: Clr Scott  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 3    Customer Experience and Service Improvement Quarterly Report**

**DISCUSSION**

Melanie Gurney, Senior Manager Customer Experience and Service Transformation reported on the development of the Inner West Council Service Charter, which has undergone community consultation and is nearing finalisation.

Council will soon consult with the public on Council's proposed five-year Customer Experience Strategy. The consultation plan involves delivery of a number of community workshops and both a phone and digital survey. Deputy Mayor Philippa Scott thanked staff for their work to progress this initiative with Council's Customer Service Committee.

The Committee received a briefing on Council's Service Review Framework, which is a whole of Council approach to delivering a rolling program of service reviews, underpinned by the business excellence framework. Services to be reviewed will be prioritised based on an assessment against the framework. The Senior Leadership Team will be briefed on the initiative in late April 2023.

The Committee discussed the number of major service areas and the many minor services delivered by Council, as well as different tiers and depths of review to enable Council to select the most appropriate way to review a particular service and ensure it prioritises and scopes reviews to ensure efficient use of resources to meet community needs are met in the best possible way and develop a culture of continuous improvement.

**RESOLUTION**

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

Moved: Mark Sercombe  
Seconded: Ilona Meyer

Carried

**RIS0423 Item 4    Quarterly Major Projects Report**

**DISCUSSION**

Ryann Midei, Director Infrastructure and Stuart Hull, Senior Manager Capital Works gave an overview on Major Projects, including the Greenway and Henson Park Grandstand Redevelopment. The Committee discussed financial reporting implications and risk management controls in relation to the projects.

**RESOLUTION**

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

**That the Audit, Risk and Improvement Committee receive a single page overview project-status report to supplement future reports.**

Moved: Clr Atkins  
Seconded: Clr Scott

Carried

**RIS0423 Item 5 Management Letter on the Audit for the Year Ending 30 June 2022.****DISCUSSION**

David Daniels, Director Financial Audit and Cassie Malone, Audit Manager, of the NSW Audit Office discussed the management letter including new, higher risk and prior year issues.

Aigul Utegenova, Financial Reporting and Control Manager briefed the Committee on processes for revaluations of assets, key person risk management and other matters involving the preparation and auditing of financial statements.

**RESOLUTION**

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

**That the Audit, Risk and Improvement Committee receive a report at a future meeting on processes for revaluations and to prepare financial statements.**

Moved: Mark Sercombe  
Seconded: Ilona Meyer

Carried

Clr Scott left the meeting at 7.15 pm.

**RIS0423 Item 6 Audit Office of NSW – Annual Engagement Plan****DISCUSSION**

David Daniels, Director Financial Audit and Cassie Malone, Audit Manager, of the NSW Audit Office discussed the engagement plan for the conduct of the current financial year audit.

The Committee discussed the plan, controls and management representations and the timing of the audit and its implications for the scheduled October Committee meeting concerning financial statements.

**RESOLUTION**

**That the Audit, Risk and Improvement Committee (ARIC) receive and note the report.**

Moved: Ilona Meyer  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 7 Quarterly Finance Report (2022/23 Second Quarter Budget Review)****DISCUSSION**

Chris Sleiman, Financial Partnering and Analytics Manager reported to the Committee on the 2022/23 second quarter budget review. The Committee discussed matters including capital expenditure on properties and improvements to the scheduling of the capital works program. The Committee considered how the ongoing reporting and budgetary cycle and quarterly review processes examine and track project expenditure and forward estimates.

**RESOLUTION**

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

Moved: Ilona Meyer  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 8     Investment Report at 28 February 2023**

**DISCUSSION**

Kelly Loveridge, Director Corporate and Chris Sleiman, Financial Partnering and Analytics Manager presented to the Committee on the investments report. The Committee discussed ways to improve the clarity of the investments report.

**RESOLUTION**

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

**That a line item be added to show the cash at bank in the investment report provided to future meetings.**

Moved: Clr Atkins  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 9     Credit Card Policy is in accordance with Office of Local Government Guidelines**

**DISCUSSION**

Kelly Loveridge, Director Corporate and Aigul Utegenova, Financial Reporting and Control Manager presented to the ARIC on this paper which provides an overview of the steps taken by Council to confirm its compliance with the OLG Guidelines on credit card policies.

The Committee inquired about the prevalence and typical uses of credit cards at Council, compared to the assumptions (of relatively high usage) implied by the Guidelines. Council has a restricted approach to credit cards.

**RESOLUTION**

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

Moved: Ilona Meyer  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 10 Semi-Annual Update on ICT Services****DISCUSSION**

Steven Thompson, Acting Chief Information Officer provided an update on ICT services at Council. The report addressed Council's alignment with Office of Local Government recently released cyber-security Guidelines.

Council has adopted the recommendations in the Guidelines into its administrative and technical controls and is developing its future program of work to mature systems where necessary.

Council briefed the Committee on recent TechOne upgrades and steps to integrate certain systems with the NSW Planning Portal for development applications.

Council has established a new IT Steering Committee and has prepared a draft charter to drive improvements and ensure decisions in relation to ICT infrastructure and systems are effectively prioritised and maximise the return on investment for the community.

The Committee discussed ICT, data, privacy and other cyber-security risk management controls, testing, incident reporting and incident response preparedness measures in place at Council, including progress implementing enhanced multi-factor identification.

**RESOLUTION**

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

Moved: Mark Sercombe  
Seconded: Ilona Meyer

Carried

**RIS0423 Item 11 Quarterly Risk Management Report****DISCUSSION**

Justin Lucas, Risk and Audit Manager and Beau-Jane De Costa, Senior Manager Governance and Risk, provided the Committee with an update on the policy harmonisation project, the legacy file transfer project and Governance team resourcing.

The Committee was briefed on implementation strategies for the Risk Management policy and procedures including the Business Continuity and Incident Management procedures.

The Committee noted the policies will be tabled for immediate Council adoption but will undergo a public exhibition process. The Committee and Council will be briefed on any public feedback requiring immediate changes to the policies. All comments provided by the Committee or through the public exhibition process either have been incorporated into the versions tabled for Council adoption or will be considered during implementation.

**RESOLUTION**

**That the Audit, Risk and Improvement Committee (ARIC) endorse the following documents, subject to the implementation of the minor amendments provide by ARIC members and approve ARIC's endorsement being tabled at the April Ordinary Council meeting:**

- a. Risk Management Policy and Procedure



- b. Fraud and Corruption Control Policy and Procedure**
- c. Business Continuity Procedure; and**
- d. Incident Management Procedure**

Moved: Mark Sercombe  
Seconded: Clr Atkins

Carried

**RIS0423 Item 12 Quarterly Audit Report**

**DISCUSSION**

Justin Lucas, Risk and Audit Manager discussed how the December 2022 Office of Local Government revised draft *Guidelines for Risk Management and Internal Audit* were adopted in the Request for Quotation (RFQ) to select and appoint a new Internal Audit Service provider. The Committee was briefed on the progress of the RFQ process.

The Committee was briefed on progress resolving internal and external audit actions and ARIC resolutions.

The Committee requested changes to the structure for future meetings to enable the review of prior meeting minutes, outstanding action items and the forward calendar, at the commencement of the meeting.

**RESOLUTION**

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

Moved: Ilona Meyer  
Seconded: Mark Sercombe

Carried

**RIS0423 Item 13 Audit, Risk and Improvement Committee 2022 Annual Report**

**DISCUSSION**

The ARIC considered its 2022 Annual Report.

The Chair, John Gordon, thanked former Committee members for their contribution to the ARIC during the 2022 reporting year.

**RESOLUTION**

**That the Audit, Risk and Improvement Committee approve the ARIC Annual Report for the 2022 calendar year, subject to a correction in relation Mark Sercombe’s attendance at the meeting on 16 November 2022.**

Moved: Mark Sercombe  
Seconded: Clr Atkins

Carried

**RIS0423 Item 14 2022 ARIC and Risk and Audit Operational Performance Assessment****DISCUSSION**

The ARIC discussed the survey of performance and the operational performance assessment. The ARIC considered the results, measures to improve the survey and broaden the participants from whom feedback is required. The ARIC discussed steps to improve the performance of risk management, audit, and the operations of the ARIC.

**RESOLUTION**

**That a plan be developed to address the feedback and observations of the ARIC Operational Performance Assessment and tabled to a future ARIC meeting.**

Moved: John Gordon  
Seconded: Mark Sercombe

Carried

**GENERAL BUSINESS****DISCUSSION**

The ARIC discussed the NSW ICAC workshops on corruption management and prevention and the Chair's briefing for Councillors on ARIC, which is to be scheduled. The ARIC acknowledged the work of Governance and Risk to mature risk management at Council.

Next meeting – Wednesday 17 May 2023, 5.30pm.

Meeting closed at 8.30 pm.