

Minutes of Meeting

Meeting commenced at 2:30 pm

Prior to the meeting the Audit, Risk and Improvement Committee (ARIC or Committee) met in-camera online.

PRESENT

Audit Risk & Improvement Committee Members	
Independent Member - Chair	Ilona Meyer
Independent Member	Emily Hodgson
Independent Member	Heather Smith
Councillor Member	Clr Philippa Scott
Other attendees	
General Manager	Peter Gainsford
Acting Director Corporate	Beau-Jane De Costa
Director Planning	Simone Plummer
Director Community	Ruth Callaghan
Director Infrastructure	Ryann Midei
Senior Manager Capital Works	Stuart Hull
Chief Technology Officer	Darren Morris
Acting Chief Financial Officer	Chris Sleiman
Financial Reporting and Control Manager	Sajjad Ali
Acting Senior Manager People and Culture	Joan Murphy
Manager Strategic Investments and Property	Scott Mullen
Procurement and Contracts Manager	Marea Getsios
Acting Senior Manager Governance and Risk	Julian Sakarai
Risk WHS and Audit Manager (Minute taker)	Justin Lucas
Director, Financial Audit, NSW Audit Office	Manuel Moncada
Audit Leader for IWC, NSW Audit Office	Chariee Bultitude
KPMG - Lead – Internal Audit Partner	Aisling Kilgannon
KPMG - Manager	Jason Scott
KPMG – Forensic Director	Carl Fredriksen
Internal Ombudsman	Elizabeth Renneberg
Senior Manager, Capability and Performance, Centium	Sarah Artist
Observers	Nil

ACKNOWLEDGMENT OF COUNTRY

The Chair, Ilona Meyer, acknowledged the traditional custodians of the land on which the meeting took place and paid his respects to elders past and present and emerging.

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

The Chair noted this is the last meeting for Independent Members Emily Hodgson and Heather Smith, who re-joined ARIC for the latter half of this calendar year. The Chair also noted that Independent Member Mark Sercombe had recently notified the Committee of his resignation to be effective as from 31 December 2024.

The Chair thanked all departing members for their contributions to Inner West ARIC and wished them success in their future endeavours.

APOLOGIES:

Apologies from:

- Mark Sercombe, Independent Member
- Adriana Marques, Associate Director KPMG
- Melanie Gurney, Senior Manager Customer Experience and Service Transformation
- Michael Spikmans, Manager Customer Experience and Innovation
- Patricia Clive, Governance Manager
- Sajjad Ali, Financial Reporting and Control Manager and
- Ngaire Meekan, Risk Management & Audit Officer.

DISCLOSURES OF INTERESTS:

The 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 Tuesday, 17 September 2024 and Extraordinary Audit, Risk and Improvement Committee held on Thursday, 10 October 2024 be confirmed.

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

RIS1224 Item 1 ARIC Recommendations (Action Items) and ARIC Annual Workplan 2024-2025

DISCUSSION

Members noted the new format for the Annual Work Plan and tracking the completion for compliance with the new OLG requirements for ARICs.

The Committee noted that since the last ARIC meeting held on 10 October 2024, members

received the following documents out of session:

- Minutes of Extraordinary Audit, Risk and Improvement Committee held on Thursday, 10 October 2024
- Audit Officer of NSW Management Letter for the year ended 30 June 2024, emailed to members on 5 December 2024 and added to the Hub for ARIC meeting

RECOMMENDATION

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

Moved: Heather Smith
 Seconded: Emily Hodgson
 Carried

RIS1224 Item 2 General Manager Verbal Update

DISCUSSION

The General Manager provided an update on the Budget Process for 2025-26, which is underway and employing an upgraded process to update and track budgets. He noted that Council will continue to focus on delivering surpluses in forward years, and that the financial audit was completed on time.

The General Manager provided an update on the Ethics and Compliance training delivered to staff across the Council, and noted that around 75 per cent had completed the module, with 3 weeks remaining to complete it. He also noted that operational staff without computer access had been provided with a full day of ethics and compliance training in person.

The General Manager acknowledged that the Fraud and Corruption Control Phase 2 report had been received and committed to implementing the recommendations and ensuring Council achieves ongoing compliance and best practice.

The General Manager discussed the development of Local Environmental Plans. The General Manager provided an update on the Leichhardt Park Aquatic Centre, which has commenced stage two community consultation, and the Leichhardt Oval Refurbishment, in which Council has engaged Ernst & Young as Independent Project Manager.

RECOMMENDATION

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

Moved: Emily Hodgson
 Seconded: Heather Smith
 Carried

RIS1224 Item 3 Internal Ombudsman Shared Service Update

DISCUSSION

The Internal Ombudsman referred to the paper, including the Quarterly Report and Annual Report. The Committee noted the Annual Report will be published on the Internal Ombudsman Shared Service website.

The update discussed utilisation of services arising from complaints by each of the three participant Councils, with reactive activity arising from complaints and proactive activities such as prevention policy, advice, education and training for the reporting period.

The Internal Ombudsman discussed matters recently received and closed and confirmed there were no Public Interest Disclosures received in the reporting period. The team continue to deliver Public Interest Disclosure officer training on a quarterly basis.

The Committee noted complaints regarding Development Assessment, with the Ombudsman noting that the majority of complaints were resolved by providing customers with information on the relevant Council processes. Discussion included the recent Council resolution [June 2024] on development of a Customer Service Plan to sit alongside the development of the Local Environmental Plan (LEP) and zoning changes.

RECOMMENDATION

- 1. Audit, Risk and Improvement Committee receive and note the report and the IOSS Annual Report for 2023-2024.**
- 2. Audit, Risk and Improvement Committee to receive a Customer Service Report at a future meeting; as referred to in the 25 June 2024 Council meeting resolution Customer Service in Development Assessments External Review .**

Moved: Emily Hodgson
 Seconded: Heather Smith
 Carried

RIS1224 Item 4 KPMG - Internal Audit Status Update

DISCUSSION

The KPMG Internal Audit Partner referred to the December Status Update Report which included notes on current topics of discussion in local government.

The Fraud and Corruption Control Phase 2 report findings and recommendations were presented in detail by the Internal Audit Partner and Forensic Director.

The current state of preparedness of Council and its control environment and the continuous improvement pathway were discussed by the Committee.

The Committee noted that Council has undertaken a significant and sustained effort to improve controls, deliver organisation wide governance and procurement training and added additional resourcing included a Procurement Compliance Officer and Fraud and Corruption Officer. This is in addition to development underway for updated procurement procedures to address ICAC action plan and Internal Audit commitments.

The Committee was provided an update on planning, timing and resourcing for the delivery of those commitments.

The Committee requested a further update and confirmed the need for ongoing action tracking reports to future meetings until full completion.

RECOMMENDATION

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

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

RIS1224 Item 5 Audit Office of NSW Verbal Update

DISCUSSION

The Audit Manager provided the committee with an update on the finalisation of the 2023-2024 financial year audit.

The Audit Manager referred to the management letter issued on 3 December 2024, which contained no matters of high or extreme risk. The Committee noted there are 3 open matters from prior year, all lower risk, and 5 new matters.

The Committee discussed the Audit Office Forward Program and specific financial matters, being grant revenue recognition, fixed assets register and infrastructure revaluations.

The Committee noted the matters raised and scheduled actions. The Committee noted its thanks to NSW Audit Office.

RECOMMENDATION

- 1. Audit, Risk and Improvement Committee receive and note the verbal update.**
- 2. Audit, Risk and Improvement Committee note the NSW Audit Office Management Letter for the Year Ended 30 June 2024 does not change the Financial Statements endorsed at the Special Meeting held on 10 October 2024.**

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

RIS1224 Item 6 People and Culture and Wellbeing

DISCUSSION

Acting Senior Manager People and Culture referred to the paper and it was taken as read. The Committee noted the Leadership Program and Performance Appraisal system introduced during the period, the Operational Management Standard and aspects of the Workforce Management Strategy which are under review.

The Committee discussed key employee metrics including turnover, Council's rate relative to the NSW Local Government turnover rate, the rate at Directorate level and the reasons and strategies undertaken by Council to manage the implications of the workforce profile in different service areas.

The Committee discussed the diversity of trainees and Council's participation in the Office of Local Government's trainee and apprentice initiative, including the importance of attracting and developing staff to ensure Council has a sustainable workforce.

RECOMMENDATION

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

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

RIS1224 Item 7 Governance, Risk, Compliance and Audit Quarterly Report (Q1 FY2024025)**DISCUSSION**

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

The Committee noted the ARIC Annual Report 2023-24 covers a period adjusted by 6 months from the 'ARIC Annual Report 2023'; as ARIC transitions from a calendar year to financial year reporting structure, to align closer to OLG reporting requirements and end of Council term reporting. A progress update on the actions from the ICAC Operation Hector and KMPG Fraud and Corruption Internal Audit was provided to the Committee and a report on the overall status of open audit actions. The ARIC Annual Report 2023-24 will be presented to the Council at its first meeting of the calendar year on 18 February 2025.

One of the substantial challenges for the last year has been the ICAC Operation Hector investigation and findings and the Committee were informed that Council is on track with implementation of recommendations for both Operation Hector and the Fraud & Corruption Control internal audit.

The Committee noted the progress of the ethics and compliance compulsory training package, operational risk registers and business continuity planning. The Committee discussed risks on the strategic risk register, with the Committee noting the status of Council's operations in relation to Child Safe Standards.

An update on Council's Insurance Services Request for Tender and claims history was provided. The Committee noted the status of claims and made recommendations to improve the clarity of status reporting charts in future reports to the Committee.

RECOMMENDATION

- 1. That the Audit, Risk and Improvement Committee approve the draft ARIC Annual Report 2023-24 (financial year), subject to minor amendments to be provided offline.**
- 2. That the Audit, Risk and Improvement Committee receive and note the quarterly risk, compliance and audit report.**

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

RIS1224 Item 8 WHS Quarterly Report (Q1 FY25)

DISCUSSION

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

The Committee noted the WHS team front line engagement with high risk operational service areas including early morning Toolbox talks with outdoor staff. Other proactive activities for managing the risks include in-vehicle information kits if a Council driver is involved in an accident.

The Committee was provided an overview of the WHS framework documents tabled for its review; being the Work Health Safety and Wellbeing Policy and the Peak and Directorate WHS&W Committee Terms of Reference.

The Committee discussed psychosocial risks and the range of activities to address them in Council such as mental health first aider training, training for all managers on psychosocial risks and the development of relevant operating management standards.

RECOMMENDATION

- 1. That Audit, Risk and Improvement Committee receive and note the report.**
- 2. That ARIC endorse the Work Health Safety and Wellness Policy and Peak and Directorate WHS Committees Terms of Reference attached to this report.**

Moved: Emily Hodgson
 Seconded: Heather Smith
 Carried

At 4pm, the Chair proceeded to Item 12 in the Agenda and welcomed the Centium presenter.

RIS1224 Item 12 Environmental Health and Building Regulation: Service Review

DISCUSSION

Centium Senior Manager, Capability and Performance, Sarah Artist referred to the Centium Service Review report and it was taken as read.

The Committee discussed the recommendations in the report, including: customer service levels, workforce training opportunities, updated Compliance and Enforcement policy, and the escalation and review process.

The General Manager provided an overview of the management response to the report and future actions and improvements being planned.

The Committee requested an update from management on the implementation of the recommendations at a future meeting.

RECOMMENDATION

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

2. Audit, Risk and Improvement Committee to receive an update on the implementation of the Environmental Health and Building Regulation: Service Review recommendations at a future meeting.

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

The Chair resumed the Agenda and continued to Item 9.

RIS1224 Item 9 Semi-Annual Customer Service Report

DISCUSSION

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

The Committee discussed complaints handling trends and the Case Management Process. Council is currently maintaining its zero aged complaints (over 30 days) status, which has required significant effort. The operational management plan will be assisted by an e-Learning module, early in 2025, to train and empower staff on dealing with customer complaints, particularly de-escalation and intersection with psychosocial risks. Recent improvements to technology for customer service include; the ability for customers to see and track progress of their complaint, elevating the customer experience and a new tool to analyse qualitative feedback.

The Committee discussed attendance at community events and engagement strategies, the digital experience platform and website redesign, and that Council is undertaking a holistic review of single sign on and process simplification to enable customers to get things done with Council quickly.

Further discussions regarding programs to reach out to community, involving after hours and weekend work, and acknowledged and appreciated staff efforts, and now looking at door knocking for certain activities. The external-facing community engagement by Council Officers has changed the way Council is perceived.

RECOMMENDATION

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

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

RIS1224 Item 10 Semi-Annual ICT Report

DISCUSSION

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

The Chief Information Officer provided an update on the strategic review of the ICT function including the review of service provision, structural alignment and operating models. The Committee noted the cyber security improvement program and that no new risks have been

identified during various assessments being undertaken on key Software as a Service (SaaS) providers, being Technology One and Microsoft (including Azure hosting services).

One incident was discussed relating to meta-Facebook, where there was no leakage or exposure of sensitive data and the actions undertaken to remedy and prevent recurrence.

RECOMMENDATION

- 1. Audit, Risk and Improvement Committee receive and note the report.**
- 2. Audit, Risk and Improvement Committee to receive an update on the meta-Facebook incident in current report and November 2023 to confirm the details of incident and risks to Council.**

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

RIS1224 Item 11 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 received an update on the four major projects and their risks, being in relation to the Greenway, Henson Park Grandstand, Leichhardt Park Aquatic Centre and Camdensville Park projects. The Committee discussed the budget for projects and funding. The Committee noted Leichhardt Oval will be a major project to be included in future reports.

RECOMMENDATION

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

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

RIS1224 Item 13 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 review of the Councils Integrated Planning and Reporting suite as part of the newly appointed Council.

RECOMMENDATION

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

Moved: Heather Smith
Seconded: Emily Hodgson

Carried

RIS1224 Item 14 Investment Report as at 31 October 2024

DISCUSSION

The Chief Financial Officer referred to the paper and it was taken as read. The Chief Financial Officer provided an update on an investment reclassifying from non-fossil fuel to a fossil fuel investment. Council has resolved to dispose of those investments at a net loss but remain in compliance with its commitment to be a non-fossil-fuel and socially responsible investing organisation. The Committee discussed the review of the Investment Policy.

RECOMMENDATION

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

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

RIS1224 Item 15 Quarterly Budget Review Statement (Q1 to September 2024)

DISCUSSION

The Chief Financial Officer referred to the paper and it was taken as read. The Committee discussed the implications of asset revaluation, depreciation, the need to maintain assets in current building cost environment and the experience of other Councils experiencing similar challenges. Revenue and expenses were reported as tracking well, with the delivery of capital program, especially the Greenway, a contributor to expenditure. Further discussion covered fluctuations and movements that occur, especially with overseas supplier costs and foreign exchange exposures.

RECOMMENDATION

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

Moved: Emily Hodgson
Seconded: Heather Smith
Carried

RIS1224 Item 16 Quarterly Investment Properties Update

DISCUSSION

The Strategic Investments and Property Manager referred to the paper and it was taken as read. The update included leasing negotiations and provided the latest updates to the Committee. The Committee discussed areas of exposure to lease expiries of tenants and Council's management strategies for those risks.

RECOMMENDATION

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

Moved: Heather Smith
Seconded: Emily Hodgson
Carried

5 General Business

The ARIC Minutes will be issued for Out of Session for adoption. These will be tabled at the first Council meeting scheduled in 2025.

The ARIC Self-Assessment discussion and scope will be initiated at the first meeting in 2025.

The ARIC Chair offered thanks and commended the professionalism of Council officers and General Manager and thanked outgoing Independent Members Emily Hodgson, Heather Smith and Mark Sercombe for their contributions to the Committee and Council.

The Chair wished everyone a safe festive season.

Meeting closed at 4:49 pm.