

**Minutes of Meeting**

**Meeting commenced at 2:45 PM**

Prior to the meeting the Audit, Risk and Improvement Committee (ARIC or Committee) met in-camera online, where it considered and discussed the draft financial statements circulated to members on 4 September 2024.

**PRESENT**

<b>Audit Risk &amp; Improvement Committee Members</b>	
Independent Member - Chair	Ilona Meyer
Independent Member	Mark Sercombe
Independent Member	Emily Hodgson
<b>Other attendees</b>	
General Manager	Peter Gainsford
Acting Director Corporate	Beau-Jane De Costa
Director Planning	Simone Plummer
Acting Director Community	Michael Daly
Director Infrastructure	Ryann Midei
Senior Manager Capital Works	Stuart Hull
Chief Financial Officer	Chris Sleiman
Financial Reporting and Control Manager	Sajjad Ali
Corporate Strategy and Engagement Manager	Prue Foreman
Senior Manager Capital Works	Stuart Hull
Manager Strategic Investments and Property	Scott Mullen
Acting Senior Manager Governance and Risk	Julian Sakarai
Risk, WHS and Audit Manager	Justin Lucas
Risk Management and Audit Officer – Minute taker	Ngaire Meekan
Governance Manager	Patricia Clive
Director, Financial Audit, NSW Audit Office	Manuel Moncada
Audit Leader for IWC, NSW Audit Office	Chariee Bultitude
KPMG	Aisling Kilgannon
KPMG	Adriana Marques
Internal Ombudsman	Elizabeth Renneberg
Observer	Nil

**ACKNOWLEDGMENT OF COUNTRY**

The 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 Chair welcomed Committee members and attendees to the meeting.

The Chair noted recent Council meeting appointments:

- Ilona Meyer as the Chair of the Inner West Council ARIC
- Clr Philippa Scott as a non-voting Councillor member to the ARIC, for the remaining ARIC meetings in the term of Council (prior to September 2024 election).
- Two independent ARIC members, Emily Hodgson and Heather Smith, for the remainder of the meetings for the 2024 calendar year.

**APOLOGIES:**

Apologies from Heather Smith (Independent member) and Ruth Callaghan, Director Community.

Members noted that there was no Councillor member on the ARIC at today's meeting, as the Council term has concluded and all Councillor positions are vacant. A new Councillor ARIC member will be appointed shortly after the commencement of the new Council term.

**DISCLOSURES OF INTERESTS:**

The Committee Members confirmed there were no changes to their disclosures of interests. The new independent member Emily Hodgson noted she had yet to complete the onboarding disclosures.

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

**CONFIRMATION OF MINUTES:****RECOMMENDATION**

That the ARIC note the Minutes of the Audit, Risk and Improvement Committee held on Wednesday, 29 May 2024 were adopted by the ARIC out of session on 17 June 2024 and by Council at the meeting held on 25 June 2024. Accordingly, they will be signed by the Acting Chair, per the Terms of Reference for the Committee

Moved: Mark Sercombe  
Seconded: Ilona Meyer  
Carried.

**RIS0924 Item 1 ARIC Recommendations (Action Items) and 2024 Forward Agenda****DISCUSSION**

Acting Senior Manager Governance and Risk, Julian Sakarai provided an update on the outstanding ARIC Action Items and confirmed for the Committee the dates for certain reports to be made. The discussion confirmed the timing for regular updates on Independent Commission Against Corruption (ICAC) Operation Hector Action items and a matter pending a response from the Information and Privacy Commission (IPC) NSW. Members noted the new format for the 2024 Forward Agenda in Item 16 ARIC and OLG Guideline Requirements.

The Committee noted that since the last ARIC meeting held on 29 May 2024, members received the following documents out of session:

- Audit Office provided Auditor-General's Reports to Parliament
- Draft IWC ARIC Strategic Work Plan and Annual Plan
- Draft IWC Financial Statements FY 2024.

The Committee noted that at the in-camera meeting held 17 September 2024, the Committee considered and discussed the draft financial statements with the Chief Financial Officer, Director Corporate, the General Manager and the Director, Financial Audit and the Audit Leader for IWC, NSW Audit Office.

## **RECOMMENDATION**

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

Moved: Mark Sercombe  
Seconded: Emily Hodgson  
Carried.

## **RIS0924 Item 2 General Manager Verbal Update**

### **DISCUSSION**

The General Manager welcomed back our ARIC members Emily and Heather and provided an update to the Committee on some of the activities of Council over the past two years.

The General Manager discussed key activities to deliver improvements in customer service including the digital experience platform project and the Project Management Software rollout.

The General Manager discussed service reviews and the adoption of the service excellence framework. Within the Infrastructure directorate, he noted the Resource Recovery's Food Organics and Garden Organics roll out is now running more smoothly, and that Council's significant capital works project, the Greenway, is due for completion in May 2025 and has secured additional funding. He noted newer major capital works programs including the Leichhardt Park Aquatic Centre upgrade and the Leichhardt Oval redevelopment, which recently secured \$30 million in State and Federal Government funding.

The General Manager then discussed other projects including Council's commitment to deliver five inclusive playgrounds, one in each ward, with the first being delivered at King George Park in Rozelle. He advised that the Planning Directorate are reviewing the new Transport Oriented Development planning controls, which will increase density around train lines and will factor into the development of a future Masterplan.

The General Manager noted that the outcome of the Local Government election was not yet finalised, and that Council has prepared a program of induction for the incoming Councillors. The General Manager discussed work undertaken on the End of Term Report, Community Strategic Plan, community perception survey and citizen jury outcomes, which will inform the new Councillors and assist in considering the priorities for the Council term.

The Committee discussed the significant changes introduced by the Office of Local Government in relation to the Committee's operations, reporting to and from it, and the changes to the Councillor member role on the Committee.

The Committee discussed the nature, structure, role and responsibilities of different Council committees and their role in ensuring effective governance of Council projects and functions.

## **RECOMMENDATION**

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

Moved: Emily Hodgson  
 Seconded: Mark Sercombe  
 Carried.

**RIS0924 Item 3 Engineering Services and Asset Management - Service Review**

**DISCUSSION**

The Director Infrastructure provided an overview of the review of engineering services and asset management undertaken by Morrison Lowe. He advised that a number of recommendations are being implemented, which will make adjustments in relation to the Asset Steering Committee, the reporting lines for some teams and the road access application process.

The Committee noted the areas of improvement identified in the report, which include structural changes and service delivery improvement actions. The Committee noted the very significant program of work undertaken in relation to the review of asset valuations by Council.

The Committee considered the report in light of its responsibility under the OLG Guidelines to advise on the systems in place to set objectives and goals, and assess reporting and monitoring mechanisms.

The Committee discussed and provided feedback in relation to the prioritisation of recommendations and the support provided for change management and communication planning, to ensure the Council can improve its service delivery and performance.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
 Seconded: Emily Hodgson  
 Carried.

**RIS0924 Item 4 Internal Ombudsman Shared Service Update**

**DISCUSSION**

The Internal Ombudsman referred to the paper, including a Customer Service Review being undertaken by the Ombudsman, and it was taken as read. The Committee discussed trends in complaints, differentiation between Ombudsman handled Complaints and Council's Complaints Coordinator and regulator reporting.

The Committee raised a specific question about a matter noted in the report and the Internal Ombudsman confirmed that, in its view, Council has handled the matter appropriately and in accordance with regulations.

The Internal Ombudsman Shared Service Annual Report is due to be reported at the November meeting.

**RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

**RIS0924 Item 5 KPMG - Internal Audit Status Update**

**DISCUSSION**

The KPMG Internal Audit Partner referred to the paper and it was taken as read.

The Committee discussed information required for the Fraud & Corruption Control Internal Audit, information required to assess Council's progress in implementing ICAC Operation Hector actions, and future reporting to the Committee.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
Seconded: Emily Hodgson  
Carried.

**RIS0924 Item 6 Audit Office of NSW Verbal Update**

**DISCUSSION**

Director Financial Audit, Audit Office provided the committee with an update on the progress of the audit of the financial statements, areas of primary focus and testing, and the associated timelines for providing clearance and the closing report.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
Seconded: Emily Hodgson  
Carried.

The Chair changed the order of business, such that the next Agenda items are as follows:

Item 15 Safety and Wellbeing update for the year ending 30 June 2024

Item 14 Governance, Risk, Compliance and Audit

Item 16 ARIC and OLG Guideline Requirements

**RIS0924 Item 15 Safety and Wellbeing update for the year ending 30 June 2024**

**DISCUSSION**

The Senior Manager Governance and Risk referred to the paper and it was taken as read. The Committee noted improvements in incident reporting, regulator requirements, the wellbeing strategy, and programs and training employed by Council for the management of psychosocial risks. The Committee discussed strategies for managing work health and safety risks affecting service areas.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
 Seconded: Emily Hodgson  
 Carried.

**RIS0924 Item 14 Governance, Risk, Compliance and Audit**

**DISCUSSION**

The Senior Manager Governance and Risk referred to the paper and it was taken as read and provided an overview of key items in the paper.

The Committee noted the progress of framework implementation, planned projects, resourcing and delivery of the ethics and compliance e-learning suite. The Committee discussed the strategic risk register, mitigating controls and Council’s commercial insurance policies and portfolio report.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
 Seconded: Emily Hodgson  
 Carried.

**RIS0924 Item 16 ARIC and OLG Guideline Requirements**

**DISCUSSION**

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

The Committee discussed the Strategic Work plan, key performance measures and progress tracking. The Committee considered how the Strategic Work Plan supports the Committee to meet new ARIC regulatory requirements and OLG Guidelines obligations, and provided feedback in relation to changes that could be made to the next version of the Strategic Work Plan. The Senior Manager Governance and Risk confirmed compliance with obligations in relation to ARIC independent member appointments.

The Committee noted references in the checklist for the attestation statement to a formerly scheduled ARIC meeting on 21 August 2024 should refer to the meeting held on 17 September 2024 and confirmed corrections should be made to this attachment.

**RECOMMENDATION**

1. **That Audit, Risk and Improvement Committee approve the draft Strategic Work Plan and refer it to Council for endorsement at the start of the new Council term.**
2. **That Audit, Risk and Improvement Committee approve the draft Annual Work Plan and refer it to Council for comment and noting at the start of the new Council term.**
3. **That Audit, Risk and Improvement Committee receive and note the checklist for the attestation statement required by the Regulation and Guidelines.**

Moved: Mark Sercombe  
 Seconded: Emily Hodgson  
 Carried.

The Committee returned to the order of business, with Agenda item 7.

**RIS0924 Item 7 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 key documents prepared for the end of current year and Council term and the Integrated Planning and Reporting self-assessment against the Local Government Maturity Framework.

The Committee discussed the use of a range social media tools to support community engagement, improvements in quarterly measures, and sources of consistent local government data for the development of the new Operational Plan.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
 Seconded: Emily Hodgson  
 Carried.

**RIS0924 Item 8 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 considered the capital projects and upgrade costs and their treatment in financial statements for current for future years. The Committee discussed the process to embed project learnings into the planning for future projects and noted continuous improvement is inbuilt into the project management framework and new project management system.

**RECOMMENDATION**

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

Moved: Mark Sercombe  
Seconded: Emily Hodgson  
Carried

**RIS0924 Item 9 Investment Report as at July 2024****DISCUSSION**

The Chief Financial Officer referred to the paper and it was taken as read. The Committee discussed Council's environmental investment commitments and measures to ensure compliance with those commitments and restrictions.

**RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

**RIS0924 Item 10 Delivery Program 2022-26 (Year 3), Operational Plan and Budget 2024/25, Long Term Financial Plan 2024-34****DISCUSSION**

The Chief Financial Officer referred to the paper and it was taken as read. The Committee discussed matters including changes to the Rate-Peg resulting from NSW Independent Pricing and Regulatory Tribunal decisions and implications for the Long Term Financial Plan.

**RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

**RIS0924 Item 11 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 discussed whether there is any foreseeable requirement for climate reporting by local government. The Committee discussed notes to the accounts and matters relevant to budgeting for leasing activities. The Committee noted they had discussed infrastructure



assets at the in-camera meeting (in which, as noted at Item 1, the Committee reviewed the draft Financial Statements).

### **RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

### **RIS0924 Item 12 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. The Committee noted that all assets have now been revalued. The Committee discussed Council's valuation approach to land under roads and inquired into the treatment of certain assets omitted from the asset register which the Chief Financial Officer confirmed were neither significant nor material as defined in relevant financial reporting thresholds.

### **RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

### **RIS0924 Item 13 Quarterly Investment Properties Update**

#### **DISCUSSION**

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

The Committee discussed Council's strategies for managing leasing movements and associated revenue and expense management including its forward planning for lease management. The Committee identified a calculation error in an analytical paper which does not impact financial statements and will be corrected.

### **RECOMMENDATION**

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

Moved: Emily Hodgson  
Seconded: Mark Sercombe  
Carried.

Meeting closed at 5:02 pm .