

MINUTES

Meeting Name	Audit Risk & Improvement Committee	
Date	Friday, 12 August 2022	Time: 4:30pm
Venue	MS Teams (remote/person) Level 12 Boardroom	
Attendees	<p><u>Committee Members:</u> Chairperson - Dr Col Gellatly Independents - David Pendleton & Jesse Jo</p> <p><u>Council Staff:</u> Bernadette Cavanagh (ED People Culture & Workplace) Bryan Hynes (ED Property & Place) John Angilley (ED Finance & Information) Jerome Pagitz (Acting Head of IT) Bruce Ferguson (Manager Risk & Audit) Paul Willingham (WHS & Wellbeing Manager) Amit Sharma (Financial Planning & Analysis Manager) Aigul Utegenova (Financial Accounting & Treasury Manager) Steven Unkovic (Coordinator Audit & Risk)</p> <p><u>Internal Ombudsman Shared Service:</u> Elizabeth Renneberg (Internal Ombudsman) Dharmendra Unka (Assistant Internal Ombudsman)</p> <p><u>BDO (Internal Audit Service Provider)</u> Mark Griffiths, Partner Robert Malcomson, Senior Manager</p> <p><u>CivicRisk Mutual</u> Andrew Armitstead (CEO)</p>	
Minute taker	Vandana Saini	
Apologies	DLM Councillor Sameer Pandey Councillor Michelle Garrard Brett Newman (CEO) Nirupama Mani, Director NSW Audit Office Ali Amjad, Audit Manager NSW Audit Office	

1. Acknowledgment of Traditional LandOwners

The Chair acknowledged the traditional owners of the land of Parramatta.

2. Meeting Opening and Apologies

The Chairperson welcomed everyone to the meeting.

3. Declarations of Interest

There were no conflicts of interest declared at this meeting.

4. Minutes of Meetings held on 26 May 2022

RESOLVED (Jo/Pendleton)

That the minutes of the Audit Risk and Improvement Committee meeting held on 26 May 2022 be received and noted as a true record of the meeting.

5. Matters Arising and Action Items from Minutes

The Committee accepted the updates provided and agreed to close off the actions that are deemed completed.

6. Update on Parramatta Square (Major Projects)

Bryan Hynes provided a brief overview of the tabled presentation.

The Committee received and noted the updates provided on Major Projects

- 5 & 7 PS – Opening to the public on 23 Sep 2022
- Public Domain
- 6 & 8 PS
- Aquatic & Leisure Centre

The Committee thanked Bryan for the update.

Note: Bryan Hynes retired from the meeting at 4:50pm.

7. Insurance Arrangements with CivicRisk Mutual

The Committee received and noted the presentation on Insurance arrangements with CivicRisk Mutual.

The key highlights were:

- CRM Overview and Governance
- CRM Membership
- CRM Structure & Governance
- Members Control Key Business Decisions
- Financial Information - Snapshot June 2022
- City of Parramatta Council Involvement
- Measuring Mutual Value
- CivicRisk Insurance Limited
- What Civic Risk Mutual Covers
- Member Support and Training
- Risk Management Support
- Continuous Risk Improvement Program
- Member Training & Professional development

- Recent Member Funding Grant Initiatives
- Claims Management

The Committee thanked Andrew for the presentation.

Note: Andrew Armitstead retired from the meeting at 5:32pm.

8. WHS Annual report

The Committee received and noted the Annual Council WHS Report 2021-2022.

Paul Willingham presented the WHS Annual report.

The key highlights were:

- Incident reporting
 - Injury/incident/near miss
 - Incidents as per Directorates and severity
 - High potential injuries
 - Personal safety (public and patron focussed)
 - COVID-19 (tracking the cases and Vaccination rate)
- Recovery at Work and Workers Compensation
- Health and Wellbeing (Access EAP Service Usage)
- WHS & Wellbeing Initiatives
- WHS Significant lessons learnt
- Working from home - workers compensation liability

The Committee was happy with the improvements around Work Health and Safety compared to last year.

The Committee thanked Paul Willingham for the presentation.

9. Internal Ombudsman Shared Service

The Internal Ombudsman met with the Chair prior to the meeting to provide an update on some matters recently completed by the IOSS.

Elizabeth Renneberg introduced Dharmendra Unka (Assistant Internal Ombudsman) to ARIC.

ARIC noted the tabled quarterly report from the IOSS.

The key highlights were:

- Activities undertaken for Council in last 12 months
 - 52% of the work related to complaints managed
 - 29% proactive prevention activities undertaken
 - 19% of education and training
- In terms of service utilisation across the 3 Councils Parramatta was 30% (Cumberland 38%, Inner West 32%)
- In terms of complaints received
 - The volume of complaints and advice requests has remained generally steady over the past 12 months
 - Summary of investigations conducted, and their recommendations was provided to ARIC

- Outcomes of investigations finalised in the reporting period were discussed at ARIC
- The Independent Commission Against Corruption (ICAC) recently released its report “Investigation into the conduct of the local member for Drummoyne (Operation Witney)”. A total of 15 corruption prevention recommendations were made to help improve the system regarding disclosure of pecuniary interest and private interest, and the management and declaration of conflicts of interest for members of Parliament and to address Councillor’s Governance obligations, particularly in relation to lobbying, conflicts of interest and environmental planning issues. Of these four were made specifically to the Department Planning, Industry and Environment (DPIE) to adopt for Local Councils in NSW. DPIE are currently considering the ICAC recommendation. The IOSS will monitor updates and liaise with the member Councils.
- IOSS recently held HR and IR forums across the three Councils. Arising from the forum IOSS will be developing and delivering an investigations package for HR staff.
- ICAC has also released a guide for conducting good workplace investigations. IOSS will prepare a training package of the released paper.
- Code of Conduct training was delivered over to the Regulatory Services team.

ARIC thanked the IOSS team for the presentation.

Note: Elizabeth Renneberg and Dharmendra Unka retired from the meeting at 6:04pm.

10. Cyber Security Update

Jerome Pagitz, Acting Head of IT provide a brief overview of Cyber Security Program.

The key highlights were:

- ED Finance & Information is in the process of recruiting a Head of IT as Mark Rugless resigned in July 2022.
- Council has temporarily appointed an external contractor for the position of Cyber Security Specialist as recruitment was not successful. It is planned to again test the market.
- Alternatively professional services will be engaged. Our focus is on the potential of a managed detection and response type service.
- Security Awareness Training is ongoing.
- ARIC discussed the SOPHOS Endpoint protection where 43k events associated with malware <pcapp.store> detected from single user.
- MFA update: Multi-Factor Authentication (MFA) is implemented for most of the services and will be completed by end of the calendar year. Currently assessing the global protect MFA capability versus the out-of-the-box functionality from Microsoft. Also assessing OCTA as it functions well with MFA.
- Infrastructure Patching matrix: A tool is used to extract report of where ICT is at with patching our infrastructure. We have focused on the upgrading the server infrastructure for applications that are core or critical to the organisation. There are a number of old legacy applications which we are working through one by one.
- Also, we have a program in place to look at each individual instance of Server 2008 and work out what we're doing moving forward.
- there is a rollback process considered as part of that change management request.

- There is no specific Patching policy but there is an approach around change management that we use that controls the changes being made. All changes go through testing and validation and a change management record is created. There is also a rollback process considered as part of that change management request.
- We are currently refreshing the whole suite of ICT policies.

Questions on Notice:

1. What is the Council Policy on installing external software and why no action was taken regarding the <pcapp.store>.
2. Would it be worthwhile to have a dedicated patch management policy?

ARIC thanked Jerome Pagitz for the updates and responses to the questions.

11. Finance Report YTD June 2022

ARIC received and noted the tabled Financial Report YTD June 2022.

John Angilley provided a brief summary of the report.

Underlying Net Operating result (excluding Capital Revenue & Assets disposals) of \$3.0m is:

- \$9.5m better than March forecast and
- \$16.3m better than the original budget
- The key underlying highlights are
 - Drop in income by (\$1.2m) as a result of:
 - Decline in user fees and charges
 - Subdued parking fine revenues
 - Partially offset by Interest income from the Horwood Place sale and upside Rates & Annual charges
 - Uplift in Operating Grants & contributions of \$4.8m:
 - Mainly driven by LG Financial Assistance Grants, Fire Service Levy contributions, create NSW Grants and transfers
 - Savings of \$5.8m in Expenses driven by:
 - Release of redundancy and leave provisions
 - Vacancies across City Assets and Community Services
 - Timing of Events program and
 - Delay in opening of PHIVE

We anticipate having a draft set of year end accounts in two or three weeks and will forward these to the ARIC for review.

Question on Notice: Does Council provide annual leave loading and if yes, then does the award determine the superannuation guarantee levy on annual leave loading?

ARIC thanked John Angilley and the Finance Team for the update.

12. Update from Audit Office

ARIC received and noted the tabled update from NSW Audit Office.

13. Review of FY2023 Internal Audit Plan

The proposed FY2023 audit plan to the Committee for their review. It was agreed that IT Disaster Recovery be included in the FY2023 audit program.

ACTION: ARIC to be provided with the proposed scope for all FY2023 audits to allow ARIC review and endorsement of the audit scope.

14. Report of Internal Audit Activities

ARIC noted the audit related activities for the period 27 May 2022 to 2 August 2022.

15. People Culture & Workplace Report

ARIC noted the tabled report.

The Committee was provided explanations regarding the Extreme risk rating given to the HR Project in the MyWorkplace report. It was noted that this project was in the early stages with further investigation and evaluation being undertaken.

ACTION: Further detail to be supplied on the Exit Survey particularly in relation to "Internal Politics".

16. Finance & Information report

ARIC noted the tabled report.

ACTION:

1. ARIC to receive details of the Conflict of Interest Register for Staff/Councillors for 2021 and 2022 out of session.
2. Patch Management report to be included in the Finance & Information report.

The Chairperson thanked all Committee members and staff for attendance.

Meeting closed at 6:40pm.

Next meeting: 6 October 2022 to consider 2022 Financial Accounts