

MINUTES

| | | |
|--------------|--|--------------|
| Meeting Name | Audit Risk & Improvement Committee | Quorum: 3 |
| Date | Thursday 25 May 2023 | Time: 5:00pm |
| Venue | Level 12 Boardroom, 126 Church Street, Parramatta / MS Teams | |
| Attendees | <p><u>Committee Members</u></p> <p>Chairperson : Dr Col Gellatly (remote)</p> <p>Independents: David Pendleton & Jesse Jo</p> <p>Councillor : Michelle Garrard (remote)</p> <p><u>Council Staff:</u></p> <p>Gail Connolly – Chief Executive Officer</p> <p>John Angilley – Executive Director Finance & Information</p> <p>Bryan Hynes – Executive Director Property & Place (remote)</p> <p>John Crawford – Chief Technology Officer</p> <p>Amit Sharma - Chief Financial Officer</p> <p>Bruce Ferguson – Risk & Audit Manager</p> <p>Paul Willingham – Group Manager Risk & Safety</p> <p>Steven Unkovic - Coordinator Audit & Risk</p> <p><u>Internal Ombudsman Shared Service</u></p> <p>Dharmendra Unka – Internal Ombudsman (remote)</p> <p>Sarah Labone - Assistant Internal Ombudsman (remote)</p> <p><u>NSW Audit Office:</u></p> <p>Nirupama Mani - Director (remote)</p> <p>Ali Amjad – Audit Manager (remote)</p> <p><u>BDO (Internal Audit Service Provider):</u></p> <p>Mark Griffiths – Partner (remote)</p> <p>Robert Malcomson – Senior Manager (remote)</p> <p><u>Invited:</u></p> <p>DLM Councillor Sameer Pandey (remote)</p> | |
| Apologies | Bernadette Cavanagh, Executive Director People Culture and Workplace | |
| Minute Clerk | Vandana Saini (remote) | |

| No. | Item |
|-----|---|
| 1 | Acknowledgement of the traditional owners of land |
| | The Chairperson acknowledged the traditional owners of the land of Parramatta. |
| 2 | Meeting Opening & Apologies |
| | The Chairperson welcomed everyone at the meeting and noted the meeting is being recorded for the purpose of Minute taking. |
| | The Committee received and noted the apologies for Bernadette Cavanagh, Executive Director People Culture and Workplace. |
| 3 | Disclosure of Interests |
| | There were no conflicts of interest declared at this meeting. |
| 4 | Minutes of Previous Meeting |
| | RESOLVED (Jo/Pendleton) |
| | That the minutes of the Audit Risk and Improvement Committee meeting held on 23 February 2023 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 Major Projects |
| | The Committee received and noted the tabled Major Projects report. |
| | Bryan Hynes ED Property & Place highlighted key points: |
| | <u>PHIVE and Town Hall (5&7PS)</u> |
| | <ul style="list-style-type: none"> • Parramatta Square car park will operate from early June 2023. • Anticipate Town Hall completion late 2023. • There are currently 2 significant residual risks. |
| | <u>Public Domain</u> |
| | <ul style="list-style-type: none"> • Stage 2 works (Leigh Place) are nearing completion. • Stage 3 work has been impacted by significant rain. • Western Public Art to be unveiled in July 2023. • Public Domain is in its final stages with minor works to be completed • There is currently 1 significant residual risk. |
| | <u>Commercial Towers (6&8PS)</u> |
| | <ul style="list-style-type: none"> • External tower works are largely complete. • Preparation works are underway to commence façade modifications between L40 & L42 to introduce double height winter garden on the northern side of the building. • Fit out works to the retail tenancy for the ABC studio are progressing |

| | |
|---|--|
| | <ul style="list-style-type: none"> • There is currently 1 significant residual risk. <p><u>Parramatta Aquatic Centre</u></p> <ul style="list-style-type: none"> • The project is expected to be completed in June 2023 and opened to public by September 2023. • There is currently 1 significant residual risk. <p><u>Epping Aquatic Centre</u></p> <ul style="list-style-type: none"> • DA documentation phase now underway with a view to submit DA in late July. • Work is ongoing to build up project contingency through further cost savings and additional funding. <p><u>Riverside Theatre Redevelopment</u></p> <ul style="list-style-type: none"> • Council has endorsed the funding for lead Consultancy in relation to the design excellence and state significant development. <p><u>9 Wentworth Place (Future Workplace)</u></p> <ul style="list-style-type: none"> • Council has a strategic opportunity to create a new workplace for its staff. It will be occupying 3 floors and leasing out one floor. • Tenders are due on 15th June 2023 and building contractors are expected to begin fit outs by mid July 2023. • The lease of 126 Church St expires on 30 June 2024. <p>The Committee commended the team of their progress on the Major Projects and thanked Bryan Hynes for the update.</p> |
| 7 | <p><u>Internal Ombudsman Shared Service</u></p> |
| | <p>The Quarterly report from the Internal Ombudsman Shared Service (IOSS) was taken as read.</p> <p>Sarah Labone summarised the tabled report:</p> <ul style="list-style-type: none"> • CoP service utilisation sits at 36%, which is 9 percentage points more than 1 April 2021 to March 2022. • IOSS received 28 complaints from 1 Jan – 31 Mar. • From investigations finalised during the period the IOSS recommends strengthening Council’s position in the declaration of conflict-of-interest process. • In the yearly period ending March 2023 IOSS volume of work has increased at Parramatta with investigation, prevention, and education activities. This is attributed to an overall increase in the volume of complaints received and probe advice that was provided to both staff and Councillors during the last half of 2022 and first quarter of the year. • To manage the increasing workload at Parramatta, IOSS will be reviewing their service standards and number of cases they handle in terms of volume and its complexity. A report of the review and measures taken will be brought back to ARIC and IOSS Management Committee. • IOSS finalised its review of the use of personal rewards cards for Council purchases and made 4 recommendations to Council. |

| | |
|----------|---|
| | <p>Key trends identified for the current quarter are:</p> <ul style="list-style-type: none"> • Refusal to take enforcement action – development, parking and noise • Consultation and communication – development applications • Perceived lack of action -flooding concerns • Quality of decision making – public liability claims and development applications • Timeliness in responding to customer requests <p>IOSS is in the process of liaising with Council about proposed recommendations.</p> <p>Other updates:</p> <ul style="list-style-type: none"> • NSW Ombudsman will be providing range of training and guidance materials to assist Councils to implement the new PID Act 2022 that comes into effect later this year. <p>ARIC will meet with IOSS to discuss confidential matter at the end of the meeting.</p> <p>The Committee thanked Dhamendra Unka and Sarah Labone for the update.</p> |
| | <i>Note: Gail Connolly retired from the meeting at 5:34pm.</i> |
| 8 | <p>Legacy Asbestos Sites Program Update</p> <p>ARIC received and noted the tabled report.</p> <p>Steven Unkovic informed the Committee that Council has received a reassessment report from EPA on the Legacy James Hardy Sites 2022 which is currently being reviewed by the Project Manager.</p> <p>A report outlining the implications to the Council and any revisions to the provisions made to Council's site remediation programs will be presented to ARIC at its next meeting.</p> |
| 9 | <p>Update on SafeWork NSW Improvement Notice</p> <p>ARIC received and noted the tabled report.</p> <p>Paul Willingham updated the Committee of the actions undertaken by Council in response to the SafeWork Improvement Notice received on 15 Feb 2023:</p> <ul style="list-style-type: none"> • Council prepared a comprehensive response and implemented actions within 6 weeks of receiving the Notice. • The Council introduced Respect at Parramatta hotline to provide a direct pathway for staff to make disclosures relating to potential inappropriate behaviours observed or experiences that relate to the SafeWork NSW Improvement Notice. |

| | |
|----|---|
| | <ul style="list-style-type: none"> • The CEO's role was expanded to chair most of the Committee meetings. • Existing training, policies and procedures for psychosocial risks were reviewed. • Establish weekly briefings with Councillors and Executive Team and develop improvement initiatives. • On 3 April 2023, a response to Improvement Notice was provided in the form of an Executive Summary report, Compliance evidence spreadsheet and supporting documents. • On 5 April 2023, SafeWork NSW advised that the Notice was lifted with the regulator satisfied with the steps undertaken. • Council has appointed a dedicated project officer to implement the 15 actions that were agreed from the response to the Notice and to work on changes to relevant policies and procedures, make responsibilities and processes clearer, and support the range of new and updated training modules for Councillors and staff. • Council will hold quarterly meetings with SafeWork NSW to provide a regular update till they are ready for Council to fly solo. <p>The Committee thanked Paul Willingham for the update.</p> |
| 10 | Cyber Security Update |
| | <p>ARIC received and noted the tabled report.</p> <ul style="list-style-type: none"> • John Crawford presented the cyber security report for April 2023 noting that this was the first full month of results for the Mimecast implementation. • The new mail filtering tool is showing a significant number of rejections with upwards of 32,000 impersonation attempts that are being tried and not going through. • In relation to Cyber Security we are currently in a partnership with Microsoft and have successfully setup our Disaster Recovery environment. We anticipate having all production servers in that environment and replicating hourly by June 15. We will have documentation and perform DR testing after that date. <p>The Committee thanked John Crawford for the update.</p> |
| 11 | Finance Report YTD April 2023 |
| | <p>The Committee received and noted the tabled Finance report YTD April 2023.</p> <p>John Angilley highlighted key points: The underlying Net Operating Result is a surplus of \$1.4m which is \$9.2m better than the December Forecast. The highlights are:</p> <ul style="list-style-type: none"> • An uplift in income of \$2.1m as a result of improved interest income, offset by subdued parking fines revenues and car park revenue. |

| | |
|----|---|
| | <ul style="list-style-type: none"> • Savings of \$4.1m in Expenses driven by timing of valuation fees, lower material and contracts costs due to delay in major CAPEX projects, savings from BAU vacancies across Directorates and offset by increase in agency costs and under-capitalisation of employee costs to projects. • Improvement in Operating Grants and Contributions of \$3.0m. Main contributions came from TfNSW roads maintenance, State Library Grants and Arts NSW Grants. <p>The Chair thanked John Angilley for the update.</p> |
| 12 | Update from Audit Office |
| | <p>The Committee received and noted the tabled report from the NSW Audit Office. ARIC also noted the tabled Final Management Letter for year ended June 2022 and Annual Engagement Plan for the year ending June 2023.</p> <p>Nirupama Mani, Director Audit Office highlighted the high-risk issue of privileged user access which was included in the management letter as it had not been actioned in the last 3 years.</p> <p>Regarding the Annual Engagement Plan, the scope of the audit is similar to last year in terms of the general purpose, special purpose and permissible income along with the other acquittal audits. The key issues that we're focusing this year as a part of the audit are:</p> <ul style="list-style-type: none"> • Revaluation of infrastructure, property, plant & equipment (IPPE). • Assessing the fair value of Council's infrastructure, property, plant & equipment (IPPE). • Parramatta Light Rail project. • Developments related to the Museum of Applied Arts and Sciences (MAAS). • Revenue and Leases -Significant contracts and agreements. • Horwood Place compulsory acquisition. • Major capital expenditure. • New payroll system. • IT general controls. • Cyber Security. <p>Council has been selected for a process improvement audit which will assess how effectively cyber security risks are identified and managed. The audit report is expected to be tabled in Parliament by February 2024.</p> <p>The Chair thanked Nirupama Mani for the update.</p> |
| 13 | Report of Internal Audit Activities |
| | The Committee receive and noted the tabled report on the audit related activities for the period from 15 Feb 2023 to 16 May 2023. |

| | |
|--|---|
| | <p>The Coordinator Internal Audit provided a status update of the Internal Audits items.</p> <ul style="list-style-type: none"> • There are 24 open internal audit action items. Included are 3 overdue actions and 5 actions with a significant risk rating. • The Audit Office report for F2022 included 9 external audit action recommendations of which 2 have been addressed with 7 outstanding. • There are 17 open IOSS action items. There are 4 recent IOSS recommendations where management comment is being sought. • BDO will be sharing the development of a control assurance map once prepared. • The assurance map will be useful in formulating future internal audit activity to ensure the appropriate level of coverage and that there is no duplication of effort. • ARIC was notified that due to the ongoing review of Council policies a number of audit action due dates have been impacted. <p>The Chair thanked Steven Unkovic for the update.</p> |
| 14 | <p>People Culture & Workplace Report</p> <p>The Committee received and noted the report presented to the Executive Team in May 2023.</p> |
| 15 | <p>Finance & Information Report</p> <p>The Committee received and noted the Finance & Information report presented to the Executive Team in May 2023.</p> |
| <p>The Chairperson thanked all Committee Members and staff for their attendance and input.</p> | |

Next meeting: Thursday 17 August 2023

Meeting closed: 6:20pm