

PRESENT

Mr Bryce McNair (Chairperson)
Mrs Carolyn Rosetta-Walsh
Ms Rachel Harris
Councillor Michael Henderson
Councillor Rod Kendall

IN ATTENDANCE

Mayor	Councillor Dallas Tout
General Manager	Peter Thompson
Chief Audit Executive	Melinda Conolly
Chief Financial Officer	Carolyn Rodney
Manager Governance and Risk	Ingrid Hensley
Corporate Governance Coordinator	Nicole Johnson
Risk Management and Insurance Officer	Cathy Wade

The meeting of the Audit, Risk and Improvement Committee commenced at 8.03am.

ACKNOWLEDGEMENT OF COUNTRY

Wagga Wagga City Council acknowledges the traditional custodians of the land, the Wiradjuri people, and pays respect to Elders past, present and future and extends our respect to all First Nations Peoples in Wagga Wagga.

We recognise and respect their cultural heritage, beliefs and continuing connection with the land and rivers. We also recognise the resilience, strength and pride of the Wiradjuri and First Nations communities.

APOLOGIES

An apology for non-attendance was received accepted by the Committee for NSW Audit Office Audit Leader, Gearoid Fitzgerald.

CONFIRMATION OF MINUTES

CM-1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MINUTES

Recommendation:

On the Motion of C Rosetta-Walsh and Councillor M Henderson

That the Minutes of the proceedings of the Audit, Risk and Improvement Committee Meeting held on 1 December 2022 be confirmed as a true and accurate record, noting that the recommendations contained in the minutes of that meeting were endorsed by Council at its Ordinary Meeting on 30 January 2023.

CARRIED

PROCEDURAL MOTION - ENGLOBO

Recommendation:

On the Motion of R Harris and Councillor R Kendall

That the Audit, Risk and Improvement Committee adopted RP-7, RP-9 and RP-16 as recommended in the business papers.

CARRIED

DECLARATIONS OF INTEREST

Councillor R Kendall declared a Significant Non-Pecuniary Interest in RP-2 Special Activation Precinct Sale of Land EOI Process the reason being that one of the tenderers is currently marketing agent for land he has an interest in and vacated the meeting during its consideration.

REPORTS

RP-1 GENERAL MANAGER'S UPDATE

Recommendation:

On the Motion of Councillors R Kendall and M Henderson

That the Audit, Risk and Improvement Committee:

- a receive and note the update provided by the General Manager**
- b receive a further update in relation to cyber security matters and people & culture risks at the May 2023 meeting**

CARRIED

The Committee discussed the impact of staff vacancies on operations, including the control environment. The Committee sought an update in relation to the Riverina Regional Library and information in relation to the frequency of cyber security incidents in the local government sector generally. The need for review of contractual clauses in relation to IT software providers and broader learnings in relation to cyber security matters contained in the report were also discussed.

RP-2 SPECIAL ACTIVATION PRECINCT SALE OF LAND EOI PROCESS

Councillor R Kendall declared a Significant Non-Pecuniary Interest and vacated the meeting, the time being 8:26am.

Recommendation:

On the Motion of C Rosetta-Walsh and R Harris

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

CARRIED

The Committee was informed that matter had been listed on the agenda because of the financial and probity risks relating to the complexity of the transactions outlined in the report together with a review of the tender process, including negotiations and the management of conflicts of interest.

Executive Director People & Culture entered the meeting, the time being 8.27am.

Councillor R Kendall re-entered the meeting, the time being 8:32am.

RP-3 PEOPLE & CULTURE UPDATE

Recommendation:

On the Motion of Councillor M Henderson and R Harris

That the Audit, Risk and Improvement Committee receive and note the People & Culture update.

CARRIED

The Executive Director People & Culture provided an overview of current recruitment and marketing activities, including new approaches for attracting staff. Clarification was sought in relation to recruitment activities as against vacancy rates.

In addition, work health and safety risks and trends were discussed, including risks associated with workforce composition, vacancies and work practices and the implementation of additional controls in relation to identified risks. These issues tied in with efforts to build a safety culture across the organisation.

The Committee requested further information in relation to long-term vacancies and strategies to address those gaps.

The Executive Director People and Culture vacated the meeting, the time being 8.55am.

**RP-4 SIX MONTHLY REVIEW OF FRAUD AND CORRUPTION CONTROL
RISK REGISTER AND ACTION PLAN 2022/23**

Recommendation:

On the Motion of B McNair and R Harris

That the Audit, Risk and Improvement Committee note and endorse the actions undertaken in the review of the Fraud and Corruption Control Plan (incorporating risk mitigation action items from the Fraud Risk Register).

CARRIED

The Committee requested further information in relation to the training conducted as outlined in the Report and suggested a review of the control effectiveness for the risks identified. In addition, it was requested that the May 2023 reporting include information about cyber incident response documentation. It was noted statistical reporting will be included in the May 2023 report.

At this stage of the Meeting the Committee moved forward the consideration of RP-8 Capital Works Update

Director Strategy and Projects entered the meeting, the time being 9.05am.

RP-8 CAPITAL WORKS UPDATE

Recommendation:

On the Motion of R Harris and Councillor R Kendall

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

CARRIED

The Committee received an overview in relation to current project management resources and specific significant projects underway, priority mapping of projects, together with the status of current spending. The Committee sought clarification of delivery timelines and any potential risks to Council, and a proposed plan for the identified priority capital works areas.

Director Strategy and Projects vacated the meeting, the time being 9.21am.

**RP-5 AUDIT, RISK AND IMPROVEMENT COMMITTEE PLANNING
SCHEDULE 2023**

Recommendation:

On the Motion of B McNair and C Rosetta-Walsh

That the Audit, Risk and Improvement Committee:

- a amend the planning schedule to include each of the following Director/Managers to present to the Committee in 2023 and one in February 2024:**
- Manager Plant, Fleet and Buildings**
 - Manager Transport and Traffic**
 - Manager Development Assessment and Building Certification**
 - Manager Parks and Strategic Operations**
- b provide feedback directly to the Chairperson ‘out of session’, by 27 February 2023 on any topics/areas for inclusion in the Chairperson’s annual presentation to councillors**
- c request the People & Culture Update Report be changed from a 6-monthly report to a 3-monthly report and that a quarterly update from the Manager Information and Communications Services also be provided**

CARRIED

The Committee discussed the current schedule of Director/Managers presentations for organisational updates. The Committee supported the continuation of the manager presentations and focus on business risks.

RP-6 GOVERNANCE AND RISK UPDATE

Recommendation:

On the Motion of R Harris and Councillor R Kendall

That the Audit, Risk and Improvement Committee receive and note the report, including distribution to the Committee of the Office of Local Government’s (OLG’s) Guidelines on the Use and Management of Credit Cards.

CARRIED

The Committee sought clarification on areas of the Office of Local Government’s (OLG’s) Guidelines which may need to be highlighted to the Committee.

RP-7 CODE OF CONDUCT STATISTICS

Recommendation:

On the Motion of B McNair and Councillor R Kendall

That the Audit, Risk and Improvement Committee receive and note the Reporting Statistics on Code of Conduct Complaints about Councillors and the General Manager, in accordance with Part 11 of the Administrative Procedures of the Code of Conduct, adopted by Council at its meeting on 12 December 2022.

CARRIED

The Committee discussed the report and requested that in future a summary of the reporting to the Office of Local Government NSW be provided, removing the need to provide the attachment in its entirety.

RP-8 Capital Works Update was moved forward to follow RP-4.

RP-9 DECEMBER 2022 QUARTERLY BUDGET REVIEW

Recommendation:

On the Motion of R Harris and Councillor R Kendall

That the Audit, Risk and Improvement Committee note the Quarterly Budget Review for the quarter ended 31 December 2022 reported to Council at the 30 January 2023 Council meeting.

CARRIED

RP-10 REVIEW OF FINANCE POLICIES

Recommendation:

On the Motion of Councillor R Kendall and B McNair

That the Audit, Risk and Improvement Committee review and provide feedback on the proposed amendments and endorse the following draft policies:

- a Loans to Community Organisations Management Policy (POL 010)**
- b Financial Assistance Policy (POL 078)**
- c Financial Hardship – Payment Arrangements and Waiving of Interest Policy (POL 102)**
- d In relation to the Loans to Community Organisations Management Policy (POL 010), recommended that the two (2) members of the Audit, Risk and Improvement Committee on the Loans to Community Organisations**

Panel be removed and replaced by an independent suitably qualified professional appointed at the discretion of the General Manager

CARRIED

The Committee received an overview of the reason for the existence of the Loans to Community Organisations Management Policy (POL 010), and the Committee's role in relation to the administration of the responsibilities within that Policy.

RP-11 ROAD MAINTENANCE COUNCIL CONTRACT - INTERNAL AUDIT REPORT

Recommendation:

On the Motion of C Rosetta-Walsh and Councillor R Kendall

That the Audit, Risk and Improvement Committee receive and note the report from the Road Maintenance Council Contracts feasibility review and note the decision made by the Executive Team based on the findings.

CARRIED

The Committee noted that activities in relation to improvements in quality, WH&S and environmental management of road maintenance services will be undertaken irrespective of the decision not to proceed further with the proposal to undertake roadworks on behalf of the State Government.

RP-12 ARIC ACTION REGISTERS (RESOLUTION REGISTER ARIC MEETINGS)

Recommendation:

On the Motion of C Rosetta-Walsh and R Harris

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

CARRIED

The Committee noted the importance of continuing to monitor the implementation of decisions of the Committee.

RP-13 INTERNAL AUDIT UPDATE

Recommendation:

On the Motion of B McNair and Councillor R Kendall

That the Audit, Risk and Improvement Committee:

- a note the progress of the internal audits underway**
- b review and approve the changes to the planned audits to be undertaken for the remainder of 2022/23**
- c receive an out of session copy of the Internal Audit Universe, including identification of areas which have already had an internal audit and major risks identified with the 2023/24 Internal Audit Plan to be presented to the May 2023 meeting**

CARRIED

The Committee received an overview in relation to the status of current internal audits and what is able to be undertaken in the remainder of the 2022/23 financial year, given the recent resourcing changes. The Committee provided input into the development of the 2023/24 Annual Internal Audit Plan, specifically consideration of cyber risk and the effectiveness of controls, potentially including controls in contract management.

Mary Yuen, Director Financial Audit NSW Audit Office entered the meeting, the time being 10.00am.

RP-14 AUDIT ENGAGEMENT PLAN FOR 2022/23 FINANCIAL STATEMENTS

Recommendation:

On the Motion of Councillor R Kendall and B McNair

That the Audit, Risk and Improvement Committee:

- a note the NSW Audit Office's schedule for the audit of the 2022/23 Financial Statements**
- b receive a presentation from the NSW Audit Office on the Annual Engagement Plan for the audit of the 2022/23 Financial Statements**
- c receive a report to the May 2023 meeting in relation to the status of preparations**

CARRIED

The Committee requested clarification on the role of the Committee in relation to the financial statements being presented to the Committee at a meeting and highlighted the continuing discussion in relation to the accounting of RFS assets.

RP-15 INTERNAL AUDIT IMPROVEMENT INITIATIVES

Recommendation:

On the Motion of R Harris and C Rosetta-Walsh

That the Audit, Risk and Improvement Committee note the status of the Internal Audit recommendations for Quarter 2 of 2022/23.

CARRIED

The Committee supported a review of the improvement initiatives within the current register and removal of recommendations which are no longer relevant or applicable. The Committee asked that where management decides to drop an initiative, reasons should be provided as to what has instead been implemented or what has changed. An update on the status of the 'Procure to Pay' project was provided.

RP-16 RESPONSE TO QUESTION WITH NOTICE - CLAUSE 4.6 OF THE STANDARD INSTRUMENT LEP

Recommendation:

On the Motion of R Harris and Councillor R Kendall

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

CARRIED

QUESTIONS WITH NOTICE

No Questions with Notice were received.

The Audit, Risk and Improvement Committee rose at 10.47am.