

ITEM 11 2022- 2023 ANNUAL REPORT ON THE ACTIVITIES OF THE AUDIT RISK AND IMPROVEMENT COMMITTEE

In accordance with its Charter, the Audit, Risk and Improvement Committee (ARIC) is required to report at least annually to Council on its activities, with a copy of the report included in Council's annual report. Attached is the report for the 2022-23 financial year prepared by the ARIC Chairperson, for noting.

RECOMMENDATION

Council note the 2022-23 Annual Report on the Activities of the Audit, Risk and Improvement Committee to be published in the 2022-2023 Annual Report.

REPORT AUTHORISATIONS

Report of: Todd Hopwood, Manager Governance and Customer Service
Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

ATTACHMENTS

1 2022-23 Annual Report of the Activities of the Audit, Risk and Improvement Committee

BACKGROUND

The Annual Report on activities provides an update to the Council and the community on the activities of the ARIC during the year. This report discusses activities during the year related to:

- Compliance and Governance Processes
- Risk Management and Fraud Control
- Financial Management
- Internal Audit, and
- External Audit

Management and the ARIC members are committed to remaining up to date with developments in the local government sector as well as ensuring current processes in audit, risk, finance and governance are challenged to ensure Council continues to develop best practice in its business models whilst maintaining robust internal controls.

PLANNING AND POLICY IMPACT

The ARIC Terms of Reference requires the Committee to provide an annual assessment to the Council each year on the Committee's work. This report contributes to the delivery of Our Wollongong 2032 goal "We are a connected and engaged community". It specifically delivers on core business activities as detailed in the Governance and Customer Service, Service Plan 2023-24.

CONCLUSION

The ARIC Chairperson has prepared the Annual Report on activities in accordance with the ARIC Charter. The report highlights that Wollongong City Council has a sound and transparent governance and reporting framework in place.



AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL REPORT 2022-2023

BACKGROUND

This report covers the activities of the Audit, Risk and Improvement Committee (ARIC) for the period from 1 July 2022 to 30 June 2023.

The ARIC is a key component of Council's governance framework. The objective of the ARIC is to provide independent assistance and advice to the General Manager and Council by overseeing and monitoring Council's governance, risk and control frameworks, and its fulfilment of external accountability requirements.

MEMBERSHIP AND CONDUCT

There was a quorum for each of the meetings held in 2022/23.

Meetings were held on 6 September 2022, 18 November 2022, 6 December 2022, 7 March 2023 and 6 June 2023.

One of these meetings (November) was an extraordinary meeting to consider the financial statements.

Wollongong Council's ARIC comprises a total of five members – three independent members and two Councillor delegates.

All external independent members have completed written conflict of interest declarations and confidentiality agreements.

The ARIC membership and meeting attendance for the 2022/23 financial year was:

Member	Role	Term Ends	Meetings Attended/ Eligible to Attend
Donna Rygate	Ind. Chair	31 Oct 2023	5/5
Stephen Horne	Ind. member	30 Sept 2022	1/1
Catherine Hudson	Ind. member	30 Sept 2022	1/1
Carl Murphy	Ind. member	31 Oct 2025	4/4
Robert Lagaida	Ind. member	31 Oct 2026	2/4
Cr Dom Figliomeni	Councillor delegate	Sept 2024	5/5
Cr T Brown	Councillor delegate	Sept 2024	5/5

All independent members have extensive experience in corporate governance and/or risk management in addition to recent and relevant financial experience. Councillor members have appropriate qualifications and experience to allow them to undertake their roles.

RECOGNITION OF COUNCIL ACHIEVEMENTS

While Council continued to respond to challenges in 2022/23, its key achievements from a governance, risk and financial perspective include the following:

- Implementation of the Governance and Fraud and Corruption Improvement Plans.
- Continued progress around mitigation of cyber risks.
- Development of a comprehensive approach to legislative compliance.

SUMMARY OF ARIC's ROLE AND ACTIVITIES

The responsibilities and functions of the ARIC are to monitor and seek assurance on aspects of Council's operations such as its compliance and governance processes; risk management and fraud control frameworks; strategic plan implementation; delivery program and strategies; performance measurement systems; outcomes of service reviews and business improvement initiatives; financial management; and internal and external audit.

These arrangements have operated soundly during 2022/23. As a result of activities undertaken during 2022/23 (as outlined below), the ARIC is satisfied that management responses and actions in relation to the above Council operations have been effective.

Compliance and Governance processes

Key ARIC activities included:

- Bi-annual review of the Gifts and Benefits Register, conflicts of interest register and secondary employment register.
- Reviewing implementation of Council's Governance Improvement Plan and Fraud and Corruption Prevention Improvement Plan.
- Monthly review of Executive KPIs.
- Monitoring Councillor Expenses.



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Risk management and fraud control

The Enterprise Risk Management Framework continued to evolve during the year.

The ARIC monitors Council's topmost corporate risks to ensure that a comprehensive risk management framework is in place and that management is implementing a program to manage all significant risks by identification, prioritisation, and implementation of mitigation strategies.

In 2022/23 key ARIC activities included:

- Receiving and reviewing quarterly reports on enterprise risks
- Considering Pandemic updates
- Receiving advice on the Crown Street Mall Hostile Vehicle Mitigation Strategy and Implementation Plan
- Receiving updates on the West Dapto Project.

The ARIC seeks to ensure that Council has adequate fraud prevention strategies in place. It receives and discusses reports on the findings of any matters investigated by Council's Professional Conduct Coordinator in relation to:

- fraud
- corrupt conduct
- maladministration
- serious and substantial waste of public money.
- Serious misconduct issues

Internal Audit

The Internal Auditors have reported at each quarterly ARIC meeting on the status of the internal audit plan. In 2022/23 the ARIC has reviewed the following Internal Audit Reports, as well as the practicality of recommendations and the adequacy of management responses.

- Tourist Parks
- Disaster Recovery
- Fraud Risk Assessment

- Planning Certificates
- Council Resolutions
- Customer Service and Complaints Management
- Management and Maintenance of Community Facilities
- Councillor Expenses and Facilities
- Follow up of CCTV Recommendations
- Cemetery Regulatory and Legislative Compliance
- Project Management

O'Connor Marsden (OCM) has been providing internal audit services to Council. OCM worked closely with Council's Governance and Risk Manager to deliver Internal Audits to Council.

Key ARIC activities in relation to Internal Audit included:

- Reviewing and endorsing the annual internal audit plan and monitoring its progress
- Monitoring the implementation by management of recommendations arising from audit reports
- Monitoring, through the results of internal and external audits, the adequacy and effectiveness of the Council's internal control structure
- Holding 'in camera' meetings with the internal audit service provider.

External Audit

The Audit Office of NSW is the mandated External Audit provider for Wollongong City Council under the *Local Government Act 1993*. Key ARIC activities included:

- Reviewing the annual Engagement Plan.
- Reviewing the management letter with a view to ensuring corrective action was planned and implemented as necessary.
- Holding 'in camera' meetings with the External Auditors.

Progress continues in implementing recommendations from both Internal and External Auditors and various other independent reviews. ARIC continues to monitor and review the progress in implementing recommendations, with particular focus on high priority issues. The ARIC reviews progress reports at each meeting.

Financial Management

Key activities for the ARIC this year included:

- Reviewing monthly and quarterly management, financial, investment and performance reports.
- Reviewing the annual financial statements for completeness and consistency with the Committee's knowledge of operations and application of accounting policies and principles.
- Reviewing Council's financial performance against the Budget as approved by Council (both operating and capital budgets).
- Reviewing strategies of management to achieve budget balance.
- Reviewing long-term financial strategies developed by management.
- Receiving briefings on significant matters with the potential to affect the financial position of Council.
- Considering briefings on investment strategy and asset revaluation.

OUTLOOK FOR 2023/24

Council's Internal Audit Plan takes into consideration Council's strategic risks as well as issues currently faced by Council. Council, in conjunction with the ARIC, will continue to review the internal audit plan.

Management and the ARIC members are committed to remaining up to date with developments in the local government sector as well as ensuring current processes in audit, risk, finance and governance are challenged to ensure Council continues to develop best practice in its business models whilst maintaining robust internal controls.

ACKNOWLEDGMENTS

I would like to thank the Committee members past and present, management and staff, the internal auditors and the external auditors for their valuable contributions.

Donna Rygate
Chairperson
Audit, Risk and Improvement Committee
30 June 2023