

## ITEM 7

**2024-2025 ANNUAL REPORT ON THE ACTIVITIES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE**

In accordance with its Terms of Reference and the OLG Guidelines on Risk Management and Internal Audit in NSW, the Audit, Risk and Improvement Committee (ARIC) is required to report annually to Council on its activities and performance, with a copy of the report to be included in Council's Annual Report. Attached is the report for the 2024-25 financial year prepared by the ARIC Chairperson.

**RECOMMENDATION**

Council notes the 2024-25 Annual Report on the Activities of the Audit, Risk and Improvement Committee to be published in the 2024-2025 Council Annual Report.

**REPORT AUTHORISATIONS**

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

**ATTACHMENTS**

- 1 2024-25 Annual Report on the Activities of the Audit, Risk and Improvement Committee

**ACRONYMS USED IN REPORT**

Abbreviation	Meaning
<b>ARIC</b>	Audit, Risk and Improvement Committee
<b>KPI</b>	Key Performance Indicators
<b>OLG</b>	Office of Local Government

**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
- Innovation and Improvement (including Service Optimisation and KPIs)
- Internal Audit
- External Audit
- Other Matters relevant to the Committee

Council 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

This report contributes to the delivery of Our Wollongong Our Future 2035 Goal 4 “We have a healthy, respectful, and inclusive community”. It specifically delivers on the following:

Community Strategic Plan 2035	Delivery Program 2022-2026
Strategy	Service
4.14 Council demonstrates responsible leadership that is customer focused, demonstrates respect and inclusion and uses resources that are managed effectively to ensure long-term sustainability.	Governance and Administration

## CONCLUSION

The ARIC Chairperson has prepared the Annual Report in consultation with the independent Committee members 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 2024-2025

### BACKGROUND

This report covers the activities of the Audit, Risk and Improvement Committee (ARIC) for the period from 1 July 2024 to 30 June 2025 and provides an assessment of the Committee's performance.

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.

It operates under a Terms of Reference which informs its annual and strategic work plan. The ARIC Terms of Reference is considered appropriate for the size and scope of the committee and conforms with the OLG Guidelines.

### MEMBERSHIP AND CONDUCT

There was a quorum for each of the meetings held in 2024/25. Meetings were held on 13 August, 3 September, 15 October, 10 December, 11 March and 3 June.

Two of these meetings (August and October) were extraordinary meetings to consider the financial statements.

Wollongong City Council's ARIC comprised a total of three independent voting members in 2024/25. Two non-voting Councillors also attended (a new Councillor was appointed to the ARIC after the Council election).

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

The ARIC meeting attendance for the 2024/25 financial year was:

Name	Role	Term Ends	Meetings Attended/ Eligible to Attend
Donna Rygate	Ind. Chair	31 Oct 2027	6/6
Carl Murphy	Ind. member	31 Dec 2028	6/6
Robert Lagaïda	Ind. member	31 Oct 2026	6/6
Cr T Brown	Councillor Observer	October 2024	1/2
Cr T Quinn	Councillor Observer	Term of Council	2/3

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

### RECOGNITION OF COUNCIL ACHIEVEMENTS

Council's key achievements from an ARIC point of view include progress made on asset management and cyber security, as well as its ongoing work on long term financial sustainability. Other achievements from a governance, risk and financial perspective include the following:

- A seamless transition to the new statutory regime
- Council's Service Optimisation Program delivering results
- A successful risk appetite re-set

### 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 2024/25. As a result of activities undertaken during 2024/25 (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, conflicts of interest and secondary employment registers
- Consideration of strategic risks facing Council and monitoring risk treatment plans established to reduce or mitigate those risks
- Review of Code of Conduct Complaint Statistics
- Monthly review of Executive KPIs
- Monitoring Councillor Expenses



## AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL REPORT 2024-2025

### Risk management and fraud control

The ARIC monitors Council's Strategic 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 2024/25 ARIC considered reports on topics including:

- Personal Identifying and Sensitive Information
- Risk Appetite
- Business Continuity
- Council Elections and Councillor Induction
- 2024-2027 Enterprise Agreement
- Cyber Security, Phishing and Simulation Exercises
- Fraud and Corruption Prevention
- Avian Influenza H5N1
- Strategic Risks
- Workers Compensation - State Insurance Regulatory Authority Audit (SIRA)
- WHS Accreditation Profiles
- Planning Risks – Reforms in the Planning Sector; Low- and Mid-Rise Housing Policy

The ARIC also 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 2024/25 the ARIC has reviewed the following Internal Audit Reports, as well as the practicality of

recommendations and the adequacy of management responses:

- WHS Mini Audit – High Risk Construction
- Regulatory Compliance – Caravan Parks
- WHS Mini Audit – Aquatic Services
- Climate Change Adaption
- Outgoing Grants Management and Financial Assistance
- Councillor Expenses
- Waste Levies

Key ARIC activities in relation to Internal Audit included:

- Reviewing and endorsing the annual and longer term internal audit plans and monitoring progress
- Monitoring the implementation by management of recommendations arising from audit reports
- Monitoring, through internal and external audit results, the adequacy and effectiveness of the Council's internal control structure
- Holding 'in camera' meetings with the internal auditors

The ARIC has found that during 2024/25 the internal audit function has operated appropriately and effectively, and the activities have been value adding and appropriate for the size and scope of Council. The internal audit plan considered strategic, operational and emerging risks in its development and delivery.

### External Audit

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

- Reviewing the annual Engagement Plan, Management Letter and Engagement Closing Report with a view to ensuring 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 other relevant

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 long-term financial strategies developed by management
- Receiving briefings on significant matters with the potential to affect the financial position of Council

### Innovation and Improvement

Key activities for the ARIC this year included:

- Updates on Council's Service Optimisation Program and reviews undertaken
- Reviewing Monthly KPI reports
- Reviewing Council's report on United Nations Sustainable Development Goal 16 – Peace, Justice and Strong Institutions

### PROGRESS AGAINST THE COMMITTEE'S KEY PERFORMANCE INDICATORS (KPIs)

The Committees KPIs are set out in section 13 of the Strategic Four Year Workplan. At least once each council term, the elected Council will conduct a review of the effectiveness of the Committee with reference to these KPIs in conformance with the Global Internal Audit Standards.

During 2024-25, the Committee made appropriate progress against the KPIs and can confirm:



## AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL REPORT 2024-2025

- The Committee has complied with its terms of reference and maintained effective relationships with Council.
- Each Committee member has appropriate skills and experience and prepares and contributes appropriately both within meetings and when advice is requested.
- The composition of the Committee is appropriate for the size and scope of the Council.
- Internal and External Audit work with the Committee and Council and have effective processes and relationships to be able to improve risk management and support Council in this area.
- The Committee has effectively reviewed matters in section 428A of the Local Government Act under its remit.
- The Committee is performing appropriately regarding ensuring it delivers quality and timely advice to Council and is effective in meeting its responsibilities.
- Each Committee member has demonstrated during the year appropriate understanding of Council's key risks and internal controls and has acted objectively and independently.

The ARIC's charter and annual activities conform with the Office of Local Government's guidelines, as required so the General Manager can sign the 2024/25 Annual Attestation on Council's behalf.

### ACKNOWLEDGMENTS

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

Donna Rygate Chairperson  
Audit, Risk and Improvement Committee  
30 June 2025

### OUTLOOK FOR 2025/26

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.