



**MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD AT THE BOOT FACTORY, SPRING STREET, BONDI JUNCTION ON
THURSDAY, 12 JUNE 2025**

Voting Members Present:

John Gordon (Chair)	Independent Member
Sheridan Dudley	Independent Member
Elizabeth Gavey	Independent Member
Cr Joshua Spicer	Councillor Member

In Attendance:

Emily Scott	General Manager
Tara Czinner	Director, Corporate Services
Fletcher Rayner	Director, Planning, Sustainability and Compliance
Ben Thompson	Director, Community, Culture and Customer Experience
Kenny Tan	Associate Director, Financial Audit, Audit Office of NSW
Jarrod Lean	Internal Auditor (Partner, Risk Consulting, Grant Thornton Australia)
Mahesha Rubasinghe	Internal Auditor (Director, Risk Consulting, Grant Thornton Australia)
Richard Coelho	Executive Manager, Governance
Teena Su	Executive Manager, Finance
Nik Zervos	Executive Manager, Infrastructure Services (item 5.7)
Kevin Trinh	Chief Information Officer (item 5.9)
Shelby Lee	Acting Executive Manager, People and Culture (item 5.11)
Carol Jones	Manager, Work Health and Safety (item 5.11)
Al Johnston	Committee Secretary

Prior to the commencement of the meeting, the Executive Manager, Infrastructure Services, gave a presentation to the ARIC members on the Seven Ways Streetscape Upgrade litigation.

At the commencement of proceedings at 9.07 am, those present were as listed above.

ACKNOWLEDGEMENT OF INDIGENOUS HERITAGE

The chair read the following Acknowledgement of Indigenous Heritage:

The Waverley Audit, Risk and Improvement Committee respectfully acknowledges the Indigenous heritage and recognises the ongoing Aboriginal traditional custodianship of the land which forms the Waverley local Government area.

1. Apologies

Apologies were received from:

- Manuel Moncada, Director, Financial Audit, Audit Office of NSW.
- Sharon Cassidy, Director, Assets and Operations.
- Rodhan Haughton, Acting Executive Manager, Major Projects.

2. Declarations of Pecuniary and Non-Pecuniary Interests

The Chair called for declarations of interest and the following were received:

- 2.1 Sheridan Dudley informed the Committee that her term as chair and member of the City of Ryde's Audit, Risk and Improvement Committee has concluded.

3. Confirmation of Minutes

**ARIC/3.1/25.06 Confirmation of Minutes - Audit, Risk and Improvement Committee Meeting
- 20 March 2025 (A25/0077)**

DECISION

That the Committee confirms the minutes of the meeting held on 20 March 2025 as a true record of the proceedings of that meeting, subject to the following meeting being added to the remaining meeting dates at item ARIC/6.1/25.03:

'An offline meeting will be held with the Executive Manager, Finance, and the independent members on 7 October 2025 to review the final version of the Financial Statements'.

4. Actions from Previous Meetings

ARIC/4.1/25.06 Actions from Previous Meetings (SF25/660)

DECISION

That the Committee notes the status of the actions from previous meetings as of 12 June 2025 attached to the report.

5. Reports

ARIC/5.1/25.06 General Manager's Update (SF25/658)

DECISION

That the Committee notes the General Manager's verbal update provided at the meeting.

DISCUSSION

The General Manager provided a verbal update to the Committee. The key topics discussed were as follows:

Integrated Planning and Reporting – Outcome of public exhibition

- Fees and charges:
 - 80 submissions on childcare, no proposed change to fees.
- Budget/Long Term Financial Plan:
 - Internal submission on Sydney Roosters memorandum of understanding (\$30k).
 - Fleet replacement program reduced.
 - Capital expenditure (CAPEX) increased by \$1.9m (endorsed by new CAPEX Committee/Council).
 - Balanced budget for 2025-26.
 - Operating performance ratio is 0.57%
 - Meet Office of Local Government (OLG) benchmarks.
- Integrated planning and reporting documents:
 - 18 external submissions, two internal submissions.
 - Four items of positive feedback
 - Environmental Action Plan.
 - Housing affordability/cost of development.
- Environmental Action Plan:
 - 14 submissions, minor administrative changes made.
- Strategic Asset Management Plan 7:
 - Two submissions; no changes (CAPEX-related).

General Manager Forums

- Hold three per year.
- General Manager supported by the Executive Leadership Team (ELT) to get out and about and talk to staff.
- Online forum for all staff.
- Outdoor face-to-face sessions: Childcare, Resource Recovery, Parks Operations and

Compliance teams.

- Issues raised:
 - Financial sustainability.
 - Uniforms.
 - Skills and Performance Assessment annualisation program.
 - Award negotiations – Four-day working week raised.
 - Childcare Splinter Award.

Early Childhood Education and Care Workers Splinter Award

- The federal government is providing \$3.6 billion to fund a wage increase for the Early Childhood Education and Care (ECEC) workforce through a worker retention payment. Through the worker retention payment, the government intends for all participating providers to receive funding to cover:
 - A 10% wage increase for all eligible staff from 2 December 2024 (this will be back paid upon a successful application).
 - An additional 5% wage increase for all eligible staff from December 2025.
 - A minimum of an additional 20% funding, calculated against the wage increase, to contribute towards eligible on-costs.

EMLT Leadership Program for 2025

- Monthly sessions with the Executive Managers Leadership Team (EMLT) (March–December).
- Focused on leadership development, strategic thinking, peer coaching, driving change.
- Four sessions a year are EMLT Leadership Roundtables (May, August, November and February).
- Purpose is to focus and collaborate on organisational issues.
- End of year meeting with Executive Managers and Manager cohort.
- Three hours with standard agenda items (next meeting).

Employee Engagement Survey 2024

- Based on a core set of questions drawn from the Xref Employee Engagement Survey
- Comprised a total of:
 - 67 agree/disagree questions.
 - Three open-ended questions.
 - 11 general demographic questions.
- Was open for four weeks.
- Achieved a response rate of 37% (compared to a 70% industry average) based on completions of 291 surveys from a targeted population of 793.
- Had a margin of error for the overall sample of 4.2%.

Skills and Performance Assessment Annualisation

- Why we are doing it:
 - Feedback from employees: the 2022 Employee Engagement Survey highlighted that the SAPA process is ‘clunky’ and does not reflect Waverley’s values and behaviours.
 - Inconsistent engagement: assessing employees based on their anniversary date often results in missed or delayed conversations reducing opportunities for regular feedback and development.
 - Disengagement: the current systems cause uncertainty for employees about their progress and goals, contributing to lower engagement levels across the organisation.
- What are the benefits?
 - Consistency: aligns the entire organisation on a unified performance cycle.

- Data-driven insights: consistent data collection across all departments to track organisational goals.
- Improved employee engagement: regular development conversations, focusing on growth rather than only past performance.
- Focus on future-oriented development: shift from a retrospective assessment to combining 12-month reflection and future goal-setting.

ARIC/5.2/25.06 Audit Office of NSW - Amendments to Accounting Standard AASB 13 and Update (SF25/2645)

DECISION

That the Committee:

1. Notes the following matters, as set out in the report:
 - (a) Assessment of the AASB 2022-10 amendments to Accounting Standard AASB 13 – Fair Valuation Measurements.
 - (b) Changes to the Local Government Code of Accounting Practice and Financial Reporting 2024–25.
 - (c) Update on the 2024-25 financial statements audit.
 - (d) Auditor-General’s Report on Local Government 2024.
2. Requests that the executive summary in the financial statements include the operating performance ratio and be carefully worded to give a complete and accurate picture.

DISCUSSION

The Committee discussed the following matters:

- The amendments to fair valuation measurements and whether management is documenting the fair value assessment process or changing the asset carrying values.
- There were no issues identified in the financial statements and the Audit Office of NSW representative expressed the Office’s satisfaction with the paper assessment of the audit.
- The executive summary in the financial statements needs to include the operating performance ratio and be carefully worded to give a complete and accurate picture.
- The Auditor-General’s Report on Local Government, its focus on efficiencies in local government and suggested the Auditor-General be invited to attend a meeting of the Committee.

ARIC/5.3/25.06 Quarterly Budget Review (Q3) (SF24/4957)**DECISION**

That the Committee notes that the Q3 budget review was presented to the Council meeting on 20 May 2025.

DISCUSSION

The Committee discussed the following matters:

- Changes in the amount held in reserves due mainly to the timing of some projects.
- Maturity of the management team in setting and managing budgets and working to improve financial literacy across the team.
- Affordable housing and the process around identifying properties, budget management, strategy, contributions reserve and the cost of the program.

ARIC/5.4/25.06 Budget and Long Term Financial Plan 7 (SF24/4732)**DECISION**

That the Committee:

1. Notes the draft 2025-26 Budget and draft Long Term Financial Plan 7 (LTFP) attached to the report. The Committee considers that Council's financial position is finely balanced and will require prudent management to ensure ongoing financial sustainability.
2. Recognises that the financial projections in the draft documents are based on a number of critical assumptions, including anticipated revenue, expenditure forecasts and economic conditions, that may differ due to unforeseen circumstances and will require very diligent, disciplined financial management to meet those projections if the recommendations of the AEC Financial Sustainability Assessment are to be achieved.
3. Notes that management has identified the following risks affecting the projected outcomes and is striving to mitigate their impact on Council's medium- and long-term financial position:
 - (a) Future Council resolutions not currently budgeted.
 - (b) Operational cost efficiencies not fully realised.
 - (c) Temporary roles extend beyond current term.
 - (d) Workers compensation premium increases arising from psychological claims in particular.
 - (e) Unavoidable, adverse capital works cost variations.
 - (f) Grant funding revenue shortfalls.
 - (g) Enterprise bargaining agreement(s) and other employment negotiations increase

employee salary and wages costs above the amount provided for in the LTFP.

- (h) The activity of users in the local government area affects both service and asset demands (costs) and user charge revenue varies significantly from forecast.
 - (i) Revenue constraints arising from Council's current policy for no Special Rate Variation (SRV).
4. Will, within the context of its advisory role, continue to support management and Council through regular monitoring of budget performance, capital project management and progress on achieving the short- and medium-term recommendations in the AEC Financial Sustainability Assessment.

DISCUSSION

The Committee discussed the following matters:

- A clarification that income from voluntary planning agreements increases over the short term but decreases over the long term due to the legislative changes to the NSW Housing State Environmental Planning Policy.
- Council's budget is finely balanced and there is a significant risk that the projected outcomes will not be met as they are dependent on a number of critical assumptions that may not be realised.
- The risks affecting the projected outcomes and management's preparedness to mitigate them as much as possible, including making Councillors aware of the risks and of their financial responsibilities.
- The risk of not meeting the projected outcomes is not shown in the LTFP or the budget report.
- A necessity for the AEC report to be translated into an action plan for the LTFP and the LTFP redesigned to deliver on the Stage 2 of the AEC report.
- A tightening of the budgeting process around capital works and an increase in project management expertise.
- Transparent reporting about the budget and whether it can be achieved.
- A communications strategy for informing the community about the budget, and management's messaging around budgeting and risks.

ARIC/5.5/25.06 Investment Policy - Review (A24/0590)

DECISION

That the Committee notes the draft Investment Policy attached to the report, subject to the amendment to the percentage return on environmental, social and governance investments (ESGs) being reviewed for correctness.

DISCUSSION

The Committee discussed the amendment to the percentage return on environmental, social, and governance investments (ESGs) and queried if the wording should not be 'no less than 0.05% worse to Council'.

ARIC/5.6/25.06 Grants and Tied Funding Procedure (A24/1151)

DECISION

That the Committee:

1. Notes the Internal Grants Procedure and process attached to the report.
2. Requests that the four documents attached to the report be checked for internal inconsistencies with language and process.

DISCUSSION

The Committee requested that the four documents attached to the report be checked for internal inconsistencies with language and process.

ARIC/5.7/25.06 Capital Works Program - Update (A21/0532)

DECISION

That the Committee:

1. Notes the progress on the Capital Works Program and the update on key projects and the Strategic Asset Management Plan programs, as set out in the report.
2. Considers the Capital Works Program to be an area of high risk for Council that will require improvements in project and program management if the recommendations of the AEC Financial Sustainability Assessment are to be achieved.
3. Receives an update at each meeting on measures taken to improve controls around capital project and program management, including planning, initiation and delivery of projects and their impact on the budget.
4. Recommends that consideration be given to internal audit undertaking a review of capital works project management.

DISCUSSION

The Committee discussed the following matters:

- Project and program management efficiencies recommended in the AEC Financial Sustainability Assessment, including a significant reduction in the capital expenditure budget.
- The impediments to achieving the efficiencies recommended in the AEC report, such as the design process including time frames and design changes, scope and variations, the number of

significant expenditure projects running concurrently and Councillors' expectations.

- The Committee receiving regular update reports on improvements made to controls around capital project and program management and their impact on the budget.
- Undertaking an internal audit review of capital works project management.

ARIC/5.8/25.06 AEC Financial Sustainability Assessment - Final Report (A24/0365)

DECISION

That the Committee:

1. Notes AEC's final Financial Sustainability Assessment Report attached to the report.
2. Receives an update at each meeting on an action plan to address the recommendations of the AEC Report, including a timeline.

DISCUSSION

The Committee discussed the following matters:

- The number of recommendations in the AEC's final Financial Sustainability Assessment Report that are addressed in next year's budget.
- The strategy to deal with competitive neutrality and the \$1.9m deficit in the childcare services budget.
- The level of support the domestic waste charge provides to the budget.
- The achievability of the recommendations being contingent on the support of Councillors.
- The regular presentation to the Committee of an action plan to address the recommendations of the AEC Report, including a timeline.

ARIC/5.9/25.06 Information Management and Technology - Cyber and Work Program Update (A18/0665)

DECISION

That the Committee notes progress on Council's Cyber Program and ICT Modernisation Program, as set out in the report.

DISCUSSION

The Committee discussed the following matters:

- The organisation's resilience against cyber threats.
- Engaging a consultant to undertake an Essential 8 review.

- Appointment of the Head of Engagement, Program and Project Services and an outline of the role.

ARIC/5.10/25.06 Governance Report (SF25/662)**DECISION**

That the Committee:

1. Notes the Governance Report.
2. Requests that the Fraud and Corruption Control Plan be presented to the Committee once it is finalised.

DISCUSSION

The Committee discussed the following matters:

- The reporting of an ICAC referral to the Committee in the coming months.
- Improvements in data breach practices and procedures and an increase in staff awareness of what constitutes a data breach.
- The Fraud and Corruption Control Plan, staff training and the sign-off process. New staff complete mandatory online modules on the Code of Conduct and fraud and corruption control, and receive an induction presentation on these topics. Management is also exploring and deploying more informal awareness strategies, such as items in the staff newsletter.
- The presentation of the Fraud and Corruption Control Plan to the Committee once it is finalised.

ARIC/5.11/25.06 Work Health and Safety Report (A25/0200)**DECISION**

That the Committee:

1. Notes the Work Health and Safety report for February 2025 to April 2025.
2. Notes the Q3 Employee Assistance Program utilisation report attached to the report (Attachment 4).
3. Receives an update on Council's insurance premium strategy at the next meeting.
4. Receives an update on the provision of Converge data to management at the next meeting.

DISCUSSION

The Committee discussed the following matters:

- An update on the two workers compensation claims referred to in the report.
- Management's performance conversation training.
- Trends in the number and cost of workers compensation claims.
- StateCover's assistance with a best practice review of Council's workers compensation practices and procedures and its insurance premium strategy.
- An increase in the amount and type of data provided to management by Converge, Council's employment assistance program provider, which will allow improved analysis of trends and performance.
- The presentation to the Committee of Council's insurance premium strategy and the provision of Converge data to management.

ARIC/5.12/25.06 Complaints and Compliments - Quarterly Report (A25/0121)

DECISION

That the Committee notes the quarterly customer experience dashboard for January 2025–March 2025 attached to the report.

DISCUSSION

The Committee noted management's assertion that most complaints against staff are unsubstantiated.

ARIC/5.13/25.06 Internal Audit Plan 2024-25 - Status Update (SF25/771)

DECISION

That the Committee notes the status of the Internal Audit Plan 2024-25 attached to the report.

DISCUSSION

The Internal Auditor confirmed that the four-year plan will be presented to the next Committee meeting in August 2025.

ARIC/5.14/25.06 Internal Audit Report - Early Education Centres and Family Day Care Financial Reporting (SF25/2636)

DECISION

That the Committee:

1. Notes the internal audit report on Early Education Centres and Family Day Care financial

reporting attached to the report.

2. Receives a report on the number of licenced places and staffing numbers in Council's Early Education and Family Day Care centres to review whether optimal children to staff ratios are being achieved.

DISCUSSION

The Committee discussed the following matters:

- Management advocacy to produce an internal report that addresses long-running issues in this area and provides advice on achieving sustainability.
- Private providers, competitive neutrality and subsidies.
- The summary of care services provided in the report and enrolment and staffing numbers in some centres.

ARIC/5.15/25.06 ARIC Work Program 2025 - Review (SF25/661)

DECISION

That the Committee notes the ARIC Work Program 2025 attached to the report.

ARIC/5.16/25.06 Internal Auditor - Appointment (SF20/3005)

DECISION

That the Committee endorses the appointment of Grant Thornton Australia Limited for the provision of internal audit services.

DISCUSSION

The Committee commented that, in accordance with the Guidelines for Risk Management and Internal Audit for Local Government in NSW, it would prefer to have been consulted on the appointment process prior to management's decision to appoint Council's internal auditor.

The Committee noted the request for quotation process undertaken and endorsed the final selection.

6 Other Business

ARIC/6.1/25.06 ARIC Meeting Dates 2025

The remaining Committee meeting dates for 2025 are as follows:

- 9 am Thursday, 28 August 2025 (Financial Statements).

- An offline meeting will be held with the Executive Manager, Finance, and the independent members on 7 October 2025 to review the final version of the Financial Statements.
- 9 am Thursday, 16 October 2025.
- 9 am Thursday, 11 December 2025.

ARIC/6.2/25.06 Recruitment of Audit and Risk Manager

The Director, Corporate Services, advised the Committee that management has gone back to market in its search for an audit and risk manager.

7. Meeting Closure

THE MEETING CLOSED AT 12.27 PM.

.....

SIGNED AND CONFIRMED

CHAIR

28 AUGUST 2025