

BUSINESS PAPER



Penrith Mayor Todd Carney joined the NSW Deputy Premier Prue Car, NSW Minister for Sport Stephen Kamper, and Member for Penrith Karen McKeown OAM at Penrith Stadium where the NSW Government unveiled draft plans for the stadium redevelopment.

Policy Review Committee Meeting

12 February 2024

5 February 2024

Dear Councillor,

In pursuance of the provisions of the Local Government Act, 1993 and the Regulations thereunder, notice is hereby given that a **POLICY REVIEW COMMITTEE MEETING** of Penrith City Council is to be held remotely using audio visual links, audio streamed and in the Pasadena Room, Civic Centre, 601 High Street, Penrith on Monday 12 February 2024 at 7:00PM.

Attention is directed to the statement accompanying this notice of the business proposed to be transacted at the meeting.

Yours faithfully

Andrew Moore
General Manager

BUSINESS

1. LEAVE OF ABSENCE

2. APOLOGIES

3. CONFIRMATION OF MINUTES

Policy Review Committee Meeting - 4 December 2023.

4. DECLARATIONS OF INTEREST

Pecuniary Interest *(The Act requires Councillors who declare a pecuniary interest in an item to leave the meeting during discussion of that item)*

Non-Pecuniary Conflict of Interest – Significant and Less than Significant
(The Code of Conduct requires Councillors who declare a significant non-pecuniary conflict of interest in an item to leave the meeting during discussion of that item)

5. ADDRESSING THE MEETING

6. NOTICES OF MOTION TO RESCIND A RESOLUTION

7. NOTICES OF MOTION

8. DELIVERY PROGRAM REPORTS

9. URGENT BUSINESS

10. CONFIDENTIAL BUSINESS

POLICY REVIEW COMMITTEE MEETING

MONDAY 12 FEBRUARY 2024

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WEBCASTING NOTICE

MEETING CALENDAR

CONFIRMATION OF MINUTES

DELIVERY PROGRAM REPORTS

WEBCASTING NOTICE

Please note that tonight's meeting other than the confidential sessions are being recorded and will be placed on Council's website. All in attendance should refrain from making defamatory statements. Council takes all care when maintaining privacy, however members of the public gallery and those addressing Council should be aware that you may be recorded.



2024 MEETING CALENDAR

January 2024 - December 2024

(proposed to be adopted by Council – 20 November 2023)

	TIME	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
		Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon	Mon
Ordinary Council Meeting	7:00pm	29	26@	25	29 -	27 #	24*	22	26@	30^	28✓	25∞#+	9
Policy Review Committee	7:00pm		12		8		3		12		14		2

- Meeting at which the draft corporate planning documents (Delivery Program and Operational Plan) are endorsed for exhibition
 - * Meeting at which the draft corporate planning documents (Delivery Program and Operational Plan) are adopted
 - # Meetings at which the Operational Plan quarterly reviews (March and September) are presented
 - @ Meetings at which the Delivery Program progress reports (including the Operational Plan quarterly reviews for December and June) are presented
 - ^ Election of Mayor and/or Deputy Mayor
 - ✓ Meeting at which the 2023-24 Annual Statements are presented
 - ∞ Meeting at which any comments on the 2023-24 Annual Statements are adopted
 - + Meeting at which the Annual Report is presented
 - > Briefing to consider Budget, draft fees & charges and corporate document
-
- Extraordinary Meetings are held as required.
 - Members of the public are invited to observe meetings of the Council (Ordinary and Policy Review Committee, Councillor Briefings are confidential sessions). Should you wish to address Council, please contact Governance Manager, Adam Beggs on 4732 7597.

**UNCONFIRMED MINUTES
OF THE POLICY REVIEW COMMITTEE MEETING OF PENRITH CITY COUNCIL HELD
REMOTELY USING AUDIO VISUAL LINKS, AUDIO STREAMED ON THE COUNCIL
WEBSITE AND IN THE COUNCIL CHAMBERS, PENRITH
ON MONDAY 4 DECEMBER 2023 AT 7:43PM**

WEBCASTING STATEMENT

His Worship the Mayor, Councillor Todd Carney read a statement advising that Council Meetings are recorded and webcast.

PRESENT – IN PERSON

His Worship the Mayor, Councillor Todd Carney, Deputy Mayor, Councillor Mark Davies and Councillors Bernard Bratusa, Kevin Crameri OAM, Sue Day, Ross Fowler OAM, Glenn Gardiner, Tricia Hitchen, Jonathan Pullen, Mark Rusev and Marlene Shipley.

PRESENT – ATTENDED REMOTELY

Councillors Robin Cook, Karen McKeown OAM and John Thain.

APOLOGIES

There were no apologies.

CONFIRMATION OF MINUTES - Policy Review Committee Meeting - 9 October 2023

50 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor Sue Day that the minutes of the Policy Review Committee Meeting of 9 October 2023 be confirmed.

Councillor Kevin Crameri OAM joined the meeting, the time being 7:44pm.

DECLARATIONS OF INTEREST

There were no Declarations of Interest.

DELIVERY PROGRAM REPORTS

OUTCOME 2 - WE ARE WELCOMING, HEALTHY, HAPPY AND CONNECTED

1 Penrith Performing and Visual Arts Ltd (PP&VA) - 2022-23 Annual Report and Update

51 RESOLVED on the MOTION of Councillor Ross Fowler OAM seconded Councillor Mark Davies that the information contained in the report on Penrith Performing and Visual Arts Ltd (PP&VA) - 2022-23 Annual Report and Update be received.

Councillor Mark Davies left the meeting, the time being 8:02pm.

Councillor Mark Davies returned to the meeting, the time being 8:07pm.

2 Penrith City Council Children's Services Cooperative Ltd

52 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor Sue Day
That:

1. The information contained in the report on Penrith City Council Children's Services Cooperative Ltd be received.
2. Council underwrites the operations of the Penrith City Council Children's Services Cooperative Ltd until the presentation to Council of the Penrith City Children's Services Cooperative Ltd Annual Report for 2022-23.

OUTCOME 3 - WE PLAN AND SHAPE OUR GROWING CITY

3 Endorsement of the Penrith Economic Development Strategy 2023-2031

53 RESOLVED on the MOTION of Councillor Mark Davies seconded Councillor Mark Rusev

That:

1. The information contained in the report on Endorsement of the Penrith Economic Development Strategy 2023- 2031 be received.
2. Council endorse the Penrith Economic Development Strategy 2023 – 2031.

4 Endorsement of the Penrith Visitor Economy Strategy 2023 - 2030

54 RESOLVED on the MOTION of Councillor Mark Davies seconded Councillor Mark Rusev

That:

1. The information contained in the report on Endorsement of the Penrith Visitor Economy Strategy 2023 - 2030 be received.
2. Council endorse the Penrith Visitor Economy Strategy 2023 – 2030.

OUTCOME 5 - WE HAVE OPEN AND COLLABORATIVE LEADERSHIP

5 Annual Review of Council's Investment Policy and Strategy

55 RESOLVED on the MOTION of Councillor Mark Davies seconded Councillor Tricia Hitchen

That:

1. The information contained in the report on Annual Review of Council's Investment Policy and Strategy be received.
2. Council adopts the proposed changes to the Annual Review of Council's Investment Policy tabled in this report.

There being no further business the Chairperson declared the meeting closed the time being 8:13pm.

DELIVERY PROGRAM REPORTS

Item

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OUTCOME 5 - WE HAVE OPEN AND COLLABORATIVE LEADERSHIP

1 [ARIC & Internal Audit Annual Reports](#)

1



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OUTCOME 5 - WE HAVE OPEN AND COLLABORATIVE LEADERSHIP

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1 ARIC & Internal Audit Annual Reports	1



1 ARIC & Internal Audit Annual Reports

Compiled by: Anthony Robinson, Corporate Assurance Lead
Anubhav Raizada, Senior Internal Auditor

Authorised by: Stephen Britten, Chief Governance Officer

Outcome	<i>We have open and collaborative leadership</i>
Strategy	<i>Corporate Enablers</i>
Principal Activity	<i>Undertake the audit program as agreed with the Audit Risk and Improvement Committee (ARIC) to ensure Council's operations are ethical and efficient</i>

Executive Summary

The Audit, Risk and Improvement Committee (ARIC) Charter requires that the Chairperson of the ARIC present ARIC and Internal Audit annual reports to the Council each year. The report recommends that the attached annual reports be received by the Policy Review Committee.

The Chairperson of the ARIC, Ms Elizabeth Gavey, will give a presentation to the Policy Review Committee in relation to the reports.

Background

The ARIC Charter requires that the Chairperson of the ARIC present ARIC and Internal Audit annual reports to the ARIC each year, and subsequently to the Policy Review Committee of Council.

The Chairperson, Ms Elizabeth Gavey, presented the annual reports to the ARIC at its meeting on 12 December 2023, and the ARIC endorsed both reports.

The reports are attached for review by the Policy Review Committee. Ms Gavey will provide a brief presentation.

RECOMMENDATION

That the information contained in the report on ARIC & Internal Audit Annual Reports be received.

ATTACHMENTS/APPENDICES

- | | | |
|---|---------|----------|
| 1. Audit, Risk & Improvement Committee Annual Report 2023 | 4 Pages | Appendix |
| 2. Internal Audit Annual Report 2023 | 2 Pages | Appendix |



Audit, Risk and Improvement Committee Annual Report 2023

FOREWORD

- ◆ The Audit, Risk and Improvement Committee (ARIC) was established to promote good governance at Penrith City Council which, in turn, ensures that the people of Penrith receive the services they need in an effective and efficient manner, delivered with honesty and integrity.
- ◆ The ARIC Charter requires the Chair to provide a Committee Annual Report to Council. This is the first such report under the current ARIC covering thirteen months to 12 December 2023.

KEY ACHIEVEMENTS IN THIS YEAR’S ARIC OVERSIGHT

- ◆ Almost 98% of Council’s operational risks are within the Risk Appetite and/or Tolerance (RASTOL). Action is in hand for risks outside RASTOL (primarily, relating to asset management and staff attraction/retention).
- ◆ Quarterly reporting on city transformational projects has commenced, working in tandem with the internal audit and risk programs to give the ARIC oversight of these important projects, as well as assurance that the key project risks are being actively managed.
- ◆ Introduced a new practice whereby the ARIC met virtually with the Council’s Financial Services leadership to review the draft Year-End Financial Statements, whilst the Audit Office of NSW was in the early stages of their audit. This has increased the value added by the ARIC to the financial audit process, as it is provided additional rigour to the process, whilst giving management more time to respond to the issues raised.
- ◆ A comprehensive onboarding process was undertaken following the appointment of new ARIC members in November and December 2022. This continued into the new year, with members requesting an in-depth presentation of the Council’s Assurance Framework, as well as requesting and completing the in-house Cyber Security training.
- ◆ Performed an in-depth review of the ARIC Charter and endorsed the adoption by Council of a revised charter which occurred at the ordinary meeting held on 25/09/2023. The newly adopted charter brings arrangements into line with the Office of Local Government Guidelines, which come into force on 1 July 2024.
- ◆ Introduced a new practice whereby the General Manager provides the ARIC with a “General Managers Update” at the start of each meeting to set the scene and provide members with context around current topical issues.

HIGHLIGHTS

- ◆ Council delivered against a significant number of its reportable projects and actions, with 89% and 87% respectively either completed or on track for completion.

MEMBER ATTENDANCE: ARIC MEETINGS 1/11/22 TO 10/10/2023

Formal meetings have been held on 14/12/22, 12/4/23, 26/7/23, and 10/10/23 with a quorum at each meeting. All members contribute in a considered manner to matters covered during meetings.

Name	Role	Commenced	Expiry of Term	Formal Meetings	
				Eligible	Attended
Independent Members					
Elizabeth Gavey	Chair	* November 2017	October 2026	5	5
Sheridan Dudley	Member	November 2022	October 2026	5	5
Carl Millington	Member	November 2022	October 2026	5	5
Councillor Members					
Ross Fowler OAM	Councillor	19 September 2007	Continuing	5	4***
Tricia Hitchen	Mayor	January 2022	Continuing	4	3***

Legend:

* Reappointed. Initially on ARIC from November 2017.

** Under the new ARIC Charter adopted by Council on 25 September 2023, the Mayor ceased to be a member of the ARIC

*** Meeting missed due to personal matter.



Audit, Risk and Improvement Committee Annual Report 2023

AREAS OF PRIMARY ARIC OVERSIGHT

The Committee operates under the Audit, Risk and Improvement Committee Charter which reflects guidelines provided by the NSW Office of Local Government and industry best practice. The Charter was approved by Council on 25 September 2023 and includes the responsibilities specified under Section 428A of the Local Government (Planning and Governance) Amendment Act 2016.

The objective of the Committee is contained in the ARIC Charter: “The objective of the ARIC is to provide independent assurance to council by monitoring, reviewing and providing advice about the council’s governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.”

The Committee is supported by an internal audit function and together they are one mechanism Council uses to ensure its internal controls and management approaches are adequate and effective for the management of risk across the organisation.

The Charter contains a number of administrative requirements and also prescribes the main responsibilities of the Committee which fall into the following broad categories:

- governance and compliance
- risk management
- fraud and corruption prevention
- financial management and external audit
- internal audit and the internal control framework
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data,
- continuous improvement

GOVERNANCE & COMPLIANCE

- ♦ The ARIC recognises the commitment of Council to good governance and financial stewardship and acknowledges the maturity of governance activities and solid foundations.
- ♦ ARIC continues to provide oversight of general governance activities by receiving a six-monthly Governance Update.
- ♦ An enhanced legislative compliance framework has been in operation since 2021 and the ARIC continues to receive six-monthly reports highlighting compliance status, breaches and improvement actions planned/taken.
- ♦ Enhanced reporting of complaints and compliments in Council provides an opportunity to identify areas on which to focus.

RISK MANAGEMENT

- ♦ Semi-annual risk management updates confirmed that Council’s Executive Leadership Team is monitoring significant risks, and overseeing risk treatment plans where needed.
- ♦ Given council’s high level of major projects on top of business-as-usual activities and constrained resources, encouraged Council to identify and take a risk-based approach in allocating valuable resources.
- ♦ Continued to monitor specific risks associated with recruitment and retention, asset management, property development projects, and response to extreme weather events.
- ♦ The risk management function continues to operate effectively, and Council’s enterprise risk management framework policy remains fit-for-purpose.

FRAUD & CORRUPTION PREVENTION

- ♦ Fraud and Corruption prevention training in place and is considered in various council processes, especially procurement and internal audit.
- ♦ No reports of fraud or corruption were made to or from ICAC during the reporting period.

FINANCIAL MANAGEMENT & EXTERNAL AUDIT

- ♦ Processes to prepare Council’s financial statements continue to develop, with a key area of focus being improvement in the valuation of Council’s Infrastructure, property, plant and equipment and the quality and timeliness of financial reporting. The ARIC will continue to monitor and support Council in improving these areas...
- ♦ The 2022/23 draft financial statements were reviewed by the ARIC and endorsed for signing by the Council.
- ♦ The Audit Office provided an unmodified opinion.
- ♦ The Management Letter from the Audit Office identified 8 matters raised in prior years had been fully actioned by Council, 5 prior year matters (4 medium risk and 1 low risk) had not been resolved and 5 new matters (2 medium risk and 3 low risk) in the current year. The ARIC will monitor Council’s progress in successfully addressing each of these matters at each meeting.
- ♦ The ARIC is focused on the long term financial sustainability of Council and has commenced a process of reviewing regular updates on Council’s Long Term Financial Plan and the significant capital and operational projects being undertaken by Council.



Audit, Risk and Improvement Committee Annual Report 2023

INTERNAL AUDIT AND INTERNAL CONTROL FRAMEWORK

A complementary Internal Audit Annual Report covers its main insights, assurance, status of recommendations, and KPIs.

- Internal audit is operating well and continued to deliver valuable insights through its independent efforts this year.
- Overall, internal audit's performance is partially effective relative to the agreed key performance indicators. Timely completion of the plan was significantly hampered by staff turnover. However, at the time of receiving this report (12/12/2023), the ARIC noted only one outstanding audit from the 2022-23 Audit Program remained (currently in its final stages of management response). The 2023-2024 Audit Program is on-track for completion by 30 June 2024.
- An annual assessment has confirmed that the function remains compliant with professional auditing standards.
- The ARIC monitored implementation of all significant recommendations raised in audit reports.
- The accompanying Internal Audit Annual Report includes comments on audits of Project Management, Asset Management Maturity, and CBD/Town Centre Corporations.
- The ARIC noted the outcome of a follow-up audit in late-2023 which verified recommendations and corrective actions reported by management as completed. The review found 42 out of 49 recommendations (86%) selected were implemented effectively by management (Extreme 4/4; High 28/34; Medium 10/11). Three open recommendations were in progress and four others were yet to be addressed and will continue to be monitored by the ARIC.

- Considered semi-annual updates on Council's ICT cyber-security preparedness. This is crucial given recent alarming cyber-incidents globally.
- The ARIC noted the effective rollout of 34 mandatory training programs. The overall completion rate across the organization was reported as 86%, with monthly reminders being sent to outliers.

IMPLEMENTATION OF THE STRATEGIC PLAN, DELIVERY PROGRAM AND STRATEGIES

- The ARIC reviews reporting on the strategic and operational plans and delivery programs, focusing on ensuring that Council's activities are integrated and linked to the overall strategic plan and that reporting to Council and the community is accurate and meaningful.

SERVICE REVIEWS

- Council's Service Review process is well established with a range of reviews structures in place ranging from "light-touch" pulse checks to more detailed service reviews.
- A key activity being undertaken is the enhancement of the Project Management Framework, which is essential given the significant capital projects being undertaken by Council.

COLLECTION OF PERFORMANCE MEASUREMENT DATA

- The ARIC regularly reviewed data on Council's performance on a variety of topics, ranging from

adherence to internal policies and processes to externally available information under its Integrated Planning and Reporting obligations. A focus for the ARIC is ensuring that this data is accurate and meaningful and that it is analysed to inform future Council activities.

CONTINUOUS IMPROVEMENT

- Received regular updates on activities of the business improvement streams, major projects, compliance with procurement standards, people and culture matters, cyber-security policies and procedures, and strengthening of controls over project management.
- Continuous improvement is derived - in part - from meaningful and actionable internal audit recommendations that are taken seriously by management. For the current Strategic Internal Audit Program (since 2021-22), internal audit has raised 164 recommendations, with 83 (51%) implemented; others are not at risk of non-completion.

OVERALL ASSESSMENT

- A Council is working diligently to enhance and embed robust governance frameworks and reporting systems and expects there will be continued progress in 2024.
- Engagement between management and the ARIC is positive and constructive, with management being receptive to advice provided by the ARIC and open in the sharing of information.
- There is an alignment between the ARIC and management regarding key areas of focus.



Audit, Risk and Improvement Committee Annual Report 2023

THE INDEPENDENT ARIC MEMBERS

ELIZABETH GAVEY – ARIC

CHAIR

B Com (Economics), LLB,
GAICD



Elizabeth joined Penrith Council’s ARIC in November 2017 and was appointed Chair in December 2022. She also serves on the ARICs for three other Local Councils in New South Wales and on the Audit and Risk Committees for the NSW Electoral Commission, the Office of Independent Review, the Audit Office of NSW and Museums of History NSW. Elizabeth has 30 years plus experience gained in commercial law, investment banking and the health sector and is an experienced Company Director in the Not-for-Profit sector.

SHERIDAN DUDLEY

BA, LLB, GradDipCrim.,
MAdmin, EdD



Sheridan joined our ARIC as an independent member in December 2022. She is currently a member of six audit risk and improvement committees (and is the Chair of one). Sheridan has 20 years’ board-level experience in public and not-for-profit sectors; 17 years’ experience as a Company Secretary including at large national and international not-for-profit organisations; and 30 years’ experience as Chief Executive Officer and Leader for state and local government organisations and the not-for-profit sector.

CARL MILLINGTON

CAANZ, PMIIA



Carl joined our ARIC as an independent member in December 2022. Carl comes with extensive experience in risk management, performance management, internal and external auditing, financial reporting, accounting, management control frameworks, financial internal controls, governance and business operations. He has 40 years’ experience in preparing and auditing financial statements and auditing other councils. Carl is currently a member of three audit, risk, and improvement committees (and is the Chair of two).

FOREWORD

- ♦ An effective, well-resourced internal audit function is one of the key pillars of good governance.
- ♦ The Corporate Assurance Lead is required (under the ARIC Charter) to provide an Internal Audit Annual Report, and for the report to be consolidated with the ARIC Annual Report.
- ♦ There is a symbiotic relationship between the ARIC and the internal audit function, hence the ARIC and Internal Audit annual reports are delivered together using a consistent format.

CONTINUOUS IMPROVEMENT

The internal audit function has achieved an increase in coverage of risks within Council’s Audit Universe (list of all auditable areas), because of the implementation of the Location Visits rolling program of annual audits from 2022-23. The auditors visit three satellite locations each year based on risk and management preference. In addition to the increase in coverage of risks, this style of audit is advantageous as it increases the visibility and profile of the internal audit team, brings diversity to the annual program with the focus on a location, rather than a process or function, and provides senior management with independent assurance over compliance with corporate policies, procedures, and processes.

INTERNAL AUDIT PERFORMANCE - AGREED KPIs

KPI	Outcome	Comments	Result
ARIC satisfaction sustained positive ratings	Achieved @ 12 Dec '23	Average satisfaction rating 3.75/5 (PY 5)	●
Customer satisfaction average rating 3.5 out of 5	Achieved @ 12 Dec '23	Average rating 3.85/5 (PY 4.5)	●
Complete 90% of IA Plan by EOFY	Not achieved – 45% @ 30 June '23 (PY 73%)	IA Plan 90% @ 12 Dec '23	●
Demonstrated conformance with IPPF	N/A – external assessment due before 28/02/24	Peer review with CoCB & BMCC councils	-
Training hours per staff member 20 hrs min	Achieved @ 30 June '23	54 hours recorded for 2 members	●
Duration of audits < 12 weeks to draft report 80%	Not achieved – 55% @ 12 Dec '23 (PY 70%)	Delayed by complexity & staff turnover	●
Trend: Several indicators have declined from the 2021-22 internal audit year. This may be partly attributable to staff turnover during the year.			
Note: Year-to-date KPI’s were reported at each ARIC meeting in a Balanced Scorecard format.			

STATUS OF AUDIT RECOMMENDATIONS

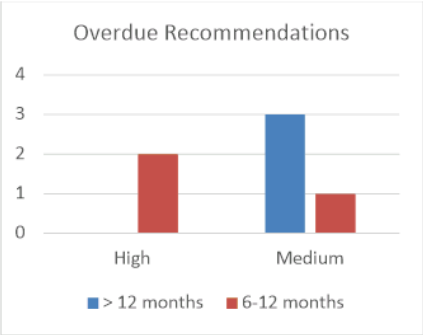
AUDIT OPINION

Management’s attention to addressing accepted recommendations has continued to be excellent for all completed audits from the Strategic Plan 2017 – 2021 and the Strategic Plan 2022 – 2025. As of 12/12/23, since 1/7/2017, when the 2017-21 Strategic Plan commenced, 639 out of 727 accepted recommendations were completed (87% overall completion rate). Our opinion is supported by the outcome of the Follow Up Audit completed in September 2023, which aimed to verify effective completion of a risk-based sample of recommendations (86% of sample verified).

OVERDUE RECOMMENDATIONS AS AT 12 DECEMBER 2023

There are 3 medium-risk recommendations outstanding for >12 months. These relate to:

- Project Management framework is developed, implemented and appropriately communicated; and
 - Project risks are appropriately rolled up and reported to enable oversight over Council’s Operational Plan and Council’s risk appetite.
- 2 high-risk overdue recommendation 6-12 months relates to use of data analytics technique to identify duplicate payments and invoices.



SUMMARY OF AUDIT RECOMMENDATIONS

Risk Rating	Low	Medium	High	Extreme	Total
Open as at 01/10/22	14	41	41	-	96
Removed Whitewater Std	-	17	9	-	26
Reopened 2018 Project Mgt	-	9	-	-	9
Raised during the year	8	31	73	1	113
Closed during the year	20	33	51	-	104
Open as at 12/12/23	2	31	54	1	88
Number Overdue	1	5	5	-	11
% Overdue	50%	16%	9%	-	13%



Internal Audit Annual Report

2023

SIGNIFICANT INSIGHTS DELIVERED

PROJECT MANAGEMENT

- ◆ The internal audit was included in the program due to the increasing number of multi-million-dollar city transformational projects currently underway, and in the pipeline. An external consultant was used to buy-in project management expertise and strengthen audit independence.
- ◆ The review found that while a draft Project Management Office Framework is currently being developed, there was a lack of guidance, consistent processes and business rules to inform the management and delivery of the major projects. This was evident from the cross section of major projects reviewed identifying divergent project management practices and downstream slippage issues, including both time and financial overruns for some of the projects. This resulted in an overall audit opinion of “Major improvement required”.

ASSET MANAGEMENT MATURITY

- ◆ The internal audit was included in the program due to the criticality of ongoing maintenance and renewal of the city’s infrastructure assets, as well as the handover of newly build assets from state government and private developers. Council’s current asset base has a written down value > \$2b.
- ◆ The object of the review was to undertake a maturity assessment of Council’s Asset Management against the International Infrastructure Management Manual (IIMM)’s Asset Management Maturity Framework. The framework assesses organisations against the core capabilities critical for an effective approach to asset management.
- ◆ Throughout the review it was clear from management that there is a strong understanding of the importance of asset

management and its benefits throughout the assets’ lifecycle. However, it was evident from the review, uplift to systems and processes that support the achievement of strong AM outcomes, is required. Fundamental to this is Council being limited by the completeness and accuracy of asset information in a centralised source, which precluded the ability to maximise the useful life of asset portfolio and may contribute to increased costs throughout the assets’ lifecycle.

CONTRACT MANAGEMENT

- ◆ The internal audit was added to the program midway through period due to emerging risks around several major projects. An external law firm was engaged for their expertise in contract law for the construction industry. The audit scope included three ongoing major construction projects, with the aims of reviewing and providing advice regarding the types of contracts being used, compliance with the contractual terms and conditions, and the appropriateness and management of contract variations.
- ◆ The audit found that major improvements are needed around contract management for major construction projects and made five high priority recommendations to senior management.
- ◆ Some of the key insights delivered by the audit include:
 - Errors, omissions, and inconsistencies in the drafting and compilation of sampled contracts
 - Opportunities to use different contract clauses to offer improved legal protections for Council
 - Refinements to the review and approval pathway for executing major contracts
 - Opportunities to strengthen continuous improvement of contract management, including periodic self-assessments,

- training of key staff, and updating the standard suite of contracts
- Clarification of the role of contract superintendent

LOCATION VISITS

- ◆ The internal audit was included as part of a rolling program of annual audits of satellite locations. In-scope locations included Glenmore Park Child & Family Centre, Kingswood Depot Store, and Ripples Aquatic Centre, St Mary’s. The audit provides broad coverage of policies, procedures, processes and risks.
- ◆ The audit rating “Some improvement required” was assigned to each of the three locations. Internal audit raised four high, five medium, and two low priority findings.

STATUS OF 2022/23 INTERNAL AUDIT PLAN

Topic	Status 12/12/23	Outcome
DRIVES24	Complete	
Follow Up IA Recommendations	Complete	
WTW Risk Engineering Survey	Complete	
Project Management	Complete	
Asset Management Maturity	Complete	
City Centres Corporations	Complete	
Location Visits	Complete	
Depot Operations	In progress	
Contract Management	Complete	
Legend:	Solid result	Some improvement required
Major improvement required		Unsatisfactory

- ◆ Recommendation status updates received at each ARIC meeting