# Attachment A

## 2025/26 ARCC Annual Assessment Report to Council

CITY OF SYDNEY

# 2025/26 ARCC Annual Assessment Report to Council



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Cover photo: Martin Place at lunchtime featuring chairs in square, Edward William Rezar Hurst/City of Sydney

# 2025/26 ARCC Annual Assessment Report to Council

## Overview of the Annual Assessment

Per the Office of Local Government's *Guidelines for Risk Management and Internal Audit for Local Government in NSW*:

The annual assessment report to Council must include:

- a summary and assessment of the work the City's Audit Risk and Compliance Committee (ARCC or Committee) performed to discharge its responsibilities during 2025/26
- an overview and assessment of the work of the Internal Audit unit
- progress against key performance indicators
- advice on the appropriateness of the Committee's Terms of Reference
- an independent assessment by the Committee and advice on the matters considered by the Committee during the year that, in the Committee's opinion, and based on the level of risk facing Council, Council should be informed of, and
- other views or opinions on the council that the committee wishes to share.

## Introduction

The Audit Risk and Compliance Committee provides advice to Council on the integrity of the City's assurance functions, including internal audit, risk management, compliance, and governance.

The ARCC plays an important role in the City of Sydney Council's governance framework. Its primary objectives are to assist Council in discharging responsibilities with respect to:

- financial reporting
- business ethics, policies, and practices
- accounting policies
- internal controls
- risk management
- governance
- fraud and corruption prevention
- major legal matters
- work health and safety
- regulatory compliance
- alignment with standards and best practice guidelines.

The Committee complies with the Guidelines for the purposes of section 23A of the Local Government Act 1993 and reports to Council through the Corporate, Finance, Properties and Tenders Committee, in line with the Office of Local Government's (OLG) Guidelines for Risk Management and Internal Audit for Local Government in NSW (December 2023).

In December 2023 the Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023 was made.

The new legislation commenced on 01 July 2024. The new requirements in these regulations required further resolution of Council in relation to a new Audit Risk and Compliance Committee Terms of Reference and Internal Audit Charter.

The ARCC Terms of Reference, based on the OLG model Terms of Reference, was endorsed with minor amendments at the Committee meeting held on 20 June 2024, as was the Internal Audit Charter.

The new ARCC Terms of Reference and Internal Audit Charter were tabled and approved at Council on 28 October 2024. The Committee reviewed this Terms of Reference and proposed amendments for Executive review and endorsement. The proposed changes will be included in an upcoming report to the Council in late 2026.

This report covers the period 01 July 2025 to 30 June 2026.

**Membership**

In accordance with the updated Terms of Reference (October 2024), the Committee comprises one non-voting councillor and up to five independent members, one of whom holds the role of Independent Chair.

The City has adopted a staggered approach to the rotation of ARCC independent members, including the Chairperson, to ensure continuity of knowledge and skills. Each current independent member is pre-qualified on the NSW Treasury Panel for NSW Government Audit and Risk Committees.

Non-voting Councillor member:

- Councillor Robert Kok (from June 2022).

Independent members:

- Stephen Horne (appointed in January 2024 to a four-year term, appointed Chairperson from 01 July 2025).
- Robert Lagaida (appointed in December 2024 to a four-year term).
- Rosemary Milkins (appointed in December 2024 to a four-year term).

Ex-officio attendees include:

- Chief Executive Officer
- Executive Director Legal & Governance
- Executive Director Finance & Procurement
- Executive Director People, Performance & Technology
- Chief Internal Auditor
- Executive Manager Risk and Governance.

Invitees include:

- Representatives of the Audit Office of New South Wales
- Other officers, as requested by the Committee, to present on priority issues.

## Meetings and attendance

The Committee met five times during 2025/26 to consider matters relating to the financial, audit and risk management issues of the City of Sydney.

In 2025/26 the Committee:

- reviewed and proposed changes to ARCC Terms of Reference
- reviewed and proposed changes the Internal Audit Charter
- reviewed progress made on the ARCC Strategic Work Plan
- reviewed progress made on the Internal Audit Strategy 2025/2028
- provisionally endorsed the proposed four-year strategic internal audit program, 2025/29
- focused internal audit activity in line with the City's risk profile and governance arrangements
- received regular reports on:
    - internal audit program status and progress on actioning improvements
    - risk management deployment and risk maturity
    - integrity and culture, including fraud and corruption prevention
    - modern slavery, chain of responsibility, workplace health and safety and other compliance-related matters
    - IT security and privacy management, including management of data breaches
    - cyber risk including cyber resilience maturity (Essential 8 and other requirements)
    - improvement and transformation (an overview of key projects delivering efficiency, effectiveness, and community experience improvement)
    - integrated planning and reporting, including long term financial planning, progress made on the City's Asset Management Improvement Plan, Crown and Community Plans of Management Program.
    - status of major legal issues.
- received briefings, updates, demonstrations, or presentations on:
    - updates on the Committee's current disclosures of interest
    - significant legislative and regulatory change updates
    - status and progress of the Procurement Transformation Project (PTP)
    - annual major projects update
    - annual procurement and contract management update
- annual assurance report on Integrated Planning & Reporting
- maintained oversight of financial reporting and endorsement of the financial statements including securing relevant attestations from the Executive Director Finance & Procurement.

During the 2025/26 reporting period, the Committee held four in-person meetings (July, October, November, March, and May. A quorum was present for all meetings.

Additionally, the Committee met *in camera* four times during the period with the Chief Internal Auditor prior to each meeting of the Committee.

The Committee met *in camera* with representatives of the Audit Office of NSW, prior to the review of the draft financial statements at the October 2025 meeting. No management representatives were present.

## Summary: Committee Report Card

| ARCC Charter – Roles and Responsibilities | Compliance |
|---|---|
| **Committee composition** | Yes |
| **Tenure** | Yes |
| **Skills and experience, including financial, legal and/or business expertise** | Yes |
| **Induction of new members (for FY2024/25)** | Yes |
| **Declarations of Conflict of Interests** | Yes |
| **Internal Audit updates, as well as preparing the four-year internal audit plan, monitoring recommendations/agreed management actions, reviewing the Internal Audit Charter annually, providing performance feedback on service providers** | Yes |
| **Risk Management, Compliance, and Governance updates, including Fraud and Corruption Prevention, modern slavery, register of delegations, insurance, and privacy** | Yes |
| **Financial Management** | Yes |
| **External Audit** | Yes |
| **Meetings** | Yes |
| **Closed sessions** | Yes |
| **Minutes and papers (accurate and timely provision)** | Yes |
| **Assessment arrangements (annual)** | Yes |
| **Annual Assessment Reporting to Council (at least annually) – this report** | Yes |

## Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the City's operations. It helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The City's Internal Audit unit is led by a chief audit executive (Chief Internal Auditor). Most audit reviews are undertaken through an outsourced contract model under the control of the Chief Internal Auditor. A panel of two service providers (RSM Australia and O'Connor Marsden & Associates) provided outsourced internal audit services during 2025/26. Both providers were notified of the City's intention to exercise the last one-year option. A tender for the Provision of Internal Audit Services will go to market in 2026/27.

For the 2025/26 reporting period, the Chief Internal Auditor tabled:

- the four-year strategic audit program for the period 2026-2030 and the annual operational audit plan for 2026/27
- regular reports from the Chief Internal Auditor on progress against the plan
- 15 audit reports
- regular reports on the progress of actions taken by management to address findings identified in previous audit reports
- reports on high-rated agreed management actions/recommendations deemed completed by management
- feedback received from clients
- annual IIA Internal Audit Self-Assessment Summary.

The Chief Internal Auditor met *in-camera* with the Chair and Independent Members before each Committee meeting without management present.

## The Internal Audit Plan, FY2025/26

The 2025/26 operational audit plan was endorsed by the Committee at the 28 May 2026 meeting and comprised 14 reviews, including Facilities Management (rescheduled to 2026/27 program at the request of the client) and Major Asset Management – Lifecycle. The Committee is satisfied that the internal audit plan is aligned with and responds to the major risks identified in the City's risk profile.

A total of 15 reviews tabled during 2025/26, including 2024/25 reviews completed after the final Committee meeting in for 2024/25 (identified by *):

- DRIVES24 2025*
- Councillor's Expenses Compliance Review 2024*
- Schedule of Rates Contracts*
- Street Safety Camera Program 2025*
- Certification Industry Impacts on the City*
- Asset Condition Data Management*

- Property Acquisition and Divestment Management*
- Contract Management*
- Project Governance Management*
- Purchase Cards 2025
- Emergency Management of Facilities
- Cybersecurity – Change Management
- Business Continuity Management
- Resilient Sydney Platform – Data Method and Procedures
- Management of Mandatory Training

At the end of the financial year, 6 audits from the 2025/26 operational plan were at the final draft report stage, delayed by auditee priorities and staff unavailability.

At the preparation of this report, the Committee notes the following reviews are in the final draft report stage and are due to be tabled at the November 2026 meeting:

- Management of Psychosocial WHS
- Developer Contributions
- Chain of Responsibility (legislative requirements)
- Councillors' Expenses 2025
- Cybersecurity – Govern and Identify
- HRMS Timekeeping/Rostering (user developed systems)

All reviews have since progressed toward issuance.

The Committee reviewed and endorsed all recommendations/agreed management actions undertaken to address recommendations arising from audit reports.

# Rating scale for internal audit reports

An overall rating scale for each engagement is applied as per the table below:

| Overall Rating Scale for Reviews | Definition |
|---|---|
| **Unsatisfactory** | Numerous very high and/or high-risk issues |
| **Requiring improvement** | A small number of very high- or high-risk issues and/or many medium risk issues |
| **Satisfactory** | Only isolated instances of high issues and/or a small number of medium risk issues |
| **Low** | Only isolated instances of low to medium risk issues |
| **Not Rated** | Applies to focused reviews where a rating may not be representative of the overall control environment. High-level or specific reviews where only a small section of an area/process is examined, and investigation outcomes are not rated. |

### *Assess the likelihood of the risk occurring*

After the risk has been identified, the likelihood of the risk occurring must be determined using the following table.

When choosing the likelihood rating, choose the likelihood that is the most probable or likely to occur.

| Likelihood | Time scale |
|---|---|
| Rare | Unlikely to occur and requires exceptional circumstance, even in the long-term future |
| Unlikely | May occur in the longer term, but not expected to happen |
| Possible | Could occur in the near future, but most likely won't |
| Likely | Will probably occur in the near future |
| Almost certain | Is occurring now or is a common occurrence |

### *Assess the consequences*

Identify the consequences of the risk event occurring. This is the level of impact an anticipated event would have on the City's objectives.

| Consequence | Context |
|---|---|
| Insignificant | Minimal harm and/or can be managed without diversion of BAU resources |
| Minor | Minimal harm and/or some reprioritisation of business unit or divisional resources to support key objectives at a business unit, project or service level |
| Moderate | Modest harm and/or modest reprioritisation of resources across division/s to support delivery of strategic, operational and/or performance objectives |
| Major | Considerable harm, and/or substantial reprioritisation of resources across several divisions to support delivery of strategic, operational and/or performance objectives |
| Severe | Extreme harm, and/or substantial reprioritisation of organisational resources to salvage key strategic, operational or performance objectives |

### *Rate the level of risk*

The risk matrix below shows the priority ratings. Priority ratings range from Low to Very High.

| Consequence & Likelihood | Insignificant | Minor | Moderate | Major | Severe |
|---|---|---|---|---|---|
| Almost certain | Low | Medium | High | Very High | Very High |
| Likely | Low | Low | Medium | High | Very High |
| Possible | Low | Low | Medium | High | High |
| Unlikely | Low | Low | Low | Medium | Medium |
| Rare | Low | Low | Low | Medium | Medium |

# Internal Audit reports tabled, 2025/26

For 2025/26 there were nine identified high-risk issues in the audits tabled.

### Meeting 1 – July 2025

| Review Name | Objectives and Outcomes | Overall Rating |
|---|---|---|
| *2025 Review of Access to Transport for NSW's DRIVES24* | Objective: The key objective of this engagement is to provide certification to TfNSW that the City is complying with its obligations under the Agreement jointly executed on 04 May 2020. This contract is for five years and ends 04 May 2025.<br>Report issued on 24 June 2025.<br>There were no findings. | Attestation only (not rated) |
| Councillors' Expenses Compliance Review 2024 | Objective: The key objective of the review is to assess the extent of compliance over the payment of expenses and the provision of facilities to Councillors, as governed by the City of Sydney Council's *Councillors' Expenses and Facilities Policy* which was developed in accordance with sections 252,253 and 254 of *Local Government (General) Regulation 2021* and *Local Government Act 1993.*<br>Report issued on 03 July 2025.<br>There was one low-rated issue arising from this review. The management action has been completed. | Low |
| Schedule of Rates Contracts | Objective: The primary objective of the audit is to assess whether adequate controls are in place and have been operating effectively for the following areas: Scenarios under which the schedule of rates contract is developed, approved and executed; Tendering and approval process for the executed schedule of rates contracts; Purchase requisition and amendment process; and<br>Contract administration and management processes.<br>Report issued on 09 July 2025.<br>There were two issues arising from this review (1 x M; 1 x L). Both management actions have been completed. | Satisfactory |

### Meeting 2 – October 2025 – no internal audits tabled (draft financial statements meeting)

### Meeting 3 – November 2025

| Review Name | Objectives and Outcomes | Overall Rating |
|---|---|---|
| Street Safety Camera Program 2025 | Objective: The purpose of this review is to assess compliance with the key principles of the City's Street Safely Camera Program's Code of Practice: Compliance with policies and procedures; performance reporting; and risk management.<br>Report issued on 22 July 2025.<br>There were two low-rated issues and two improvement opportunities arising from this review. All management actions have been completed. | Low |

| | | |
|---|---|---|
| Certification Industry Impacts on the City | Objective: The primary objective of this engagement is to provide insight and recommendations on the City's actions and future strategies to address key emerging risks within the Building Certification Team. These are to include, as agreed with management, the City's capacity and capabilities to accommodate: The increasing number of requests for building certification services such as construction certificates, complying development certificates, occupation certificates and inspections, including where the City is to be the replacement certifier; An increase in the complexity, legislative requirements, and the degree of potential scrutiny (actual and perceived), particularly in residential apartment certification; and Challenges in recruiting suitably qualified and experienced building surveyors and certifiers.<br><br>Report issued on 01 August 2025.<br><br>There were four improvement opportunities arising from this review. One has been completed. The remaining three are in progress and none are overdue. | Advisory only (not rated) |
| Asset Condition Data Management | Objective: The objective of the internal audit is to assess the adequacy and reliability of the City's processes and practices for recording and monitoring the conditions of its assets through the asset management applications (Trirega and CAMMS), and how they inform the preventative maintenance activities and strategies for the following four asset classes: Roads; Drainage; Parks; and Buildings.<br><br>Report issued on 26 August 2025.<br><br>There were four high-rated issues arising from this review. One has management action been completed. The remaining three management actions are in progress and not overdue. | Requiring Improvement |
| Property Acquisition and Divestment Management | Objective: The primary objectives of this internal audit were to review and assess the City's property acquisition and divestment procedures and processes for effectiveness, efficiency, and level of compliance with mandatory requirements.<br><br>Report issued on 27 August 2025.<br><br>There were three low-rated issues arising from this review and one improvement opportunity arising from this review. One management action has been completed. Two low-rated management actions are overdue, with one improvement opportunity. | Low |
| Contract Management<br>(3 contract administrators) | Objective: The purpose of the review was to assess the contract management stages and processes, with emphasis on: Monitoring contractor deliverables; Receipting, approving, and processing progress payments; Assessing contractor compliance with City policies; Monitoring contractor performance: Processing of contract variations; and Processing of contract concluding activities.<br><br>Report issued on 02 September 2025.<br><br>There were four issues arising (3 medium and 1 low-rated) from this review. All are in progress. Two medium-rated management actions are complete. One medium-rated management action is at 50% completion and overdue. | Requiring Improvement |
| Review of Project Governance | Objective: The primary objective of this engagement was to provide an assessment of the project governance control environment.<br><br>Report issued on 02 September 2025.<br><br>There was one low-rated issue arising from this review. The management action has been completed. | Low |

## Meeting 4 – March 2026

| Review Name | Objectives and Outcomes | Overall Rating |
|---|---|---|
| Review of Emergency Management of Facilities | Objective: The primary objective of this engagement was to assess the controls and processes in place for managing and responding to emergency situations in accordance with the mandatory requirements of the WHS Act and AS 3745,<br>Report issued on 09 December 2025.<br>There were two improvement opportunities arising from this review. Both management actions have been completed. | Low |
| Review of Purchase Cards 2025 | Objective: The objective of this internal audit was to review the efficiency and effectiveness of the Purchasing Cards, in compliance with relevant laws, regulations, and industry standards.<br>Report issued on 16 December 2025.<br>There were three issues arising from this review; 1 high, 1 medium 1 low-rated, and one improvement opportunity arising from this review. All management actions have been completed. | Requiring Improvement |
| Cybersecurity – Change Management | Objective: The primary objective of the internal audit was to assess and provide assurance on the efficiency and effectiveness of the City's change management practices and processes in respect to access/privilege management, configuration and patch management, backup, and cyber security training and awareness.<br>For the purposes of recognised good practice in cyber security change management, the review considered the following elements of the NSW Cyber-Security Policy 2023-24.<br>Report issued on 17 February 2026.<br>There were two improvement opportunities arising from this review. Both management actions have been completed. | Low |
| Business Continuity Management Review | Objective: The primary objective of this engagement was to provide an assessment of the City's Business Continuity Management (BCM) system, ensuring it is adequately prepared to manage disruptions and maintain critical business operations.<br>Report issued on 17 February 2026.<br>There were four issues from this review; 3 medium and 1 low-rated arising from this review. All management actions have been completed. | Satisfactory |
| Resilient Sydney – Data Method and Procedures | Objective: The primary objective of this engagement is to provide the City of Sydney and Resilient Sydney with a process and procedure review over the data that is made available to the Resilient Sydney Platform.<br>Report issued on 12 March 2026.<br>There were 4 improvement opportunities made for the consideration of management. | Advisory only (not rated) |
| Management of Mandatory Training | Objective: The objective of this health check audit was to review the efficiency and effectiveness of the management of mandatory training, in compliance with relevant laws, regulations, and industry standards.<br>Report issued on 20 March 2026<br>There were 4 high-rated issues. All management actions have been completed. | Unsatisfactory |

**Meeting 5 – May 2026 – nil reports tabled**

# Monitoring internal audit recommendations

The Chief Internal Auditor has processes in place to monitor the status of agreed management actions arising from audit findings to ensure are implemented. The processes include:

- ensuring each executive director is accountable for monitoring the status of outstanding issues for their respective divisions, including reporting completion details to Internal Audit throughout the year
- regular internal audit status reporting to the Executive to assist in monitoring progress of outstanding audit actions
- reporting overdue management action items to monitor implementation and providing follow-ups at each ARCC meeting.

The Committee receives regular reports on the appropriateness of the management actions taken on high-rated, closed action items through follow-up reviews and new audits.

**Management of internal audit actions/recommendations**

The Internal Audit unit actively monitors the status of outstanding action items to ensure timely closure of relevant items.

At 30 June 2026, there were no overdue high-rated actions. There was one medium-rated action overdue, as well as two low-rated management actions.

The table below summarises the management of internal audit actions/recommendations at the end of each financial year. These actions are assigned to a business unit to be actioned by an agreed date.

| Year | Outstanding Actions at Start of Year | New Actions from Audits | Actions closed | Current Actions at Year End | Actions Overdue [1] |
|---|---|---|---|---|---|
| 30/06/2023 | 18 | 21 | 33 | 6 | 0 |
| 30/06/2024 | 6 | 28 | 26 | 8 | 0 |
| 30/06/2025 | 8 | 33 | 32 | 8 | 5[2] |
| 30/06/2026 | 8 | 41 | 35 | 14 | 3 |

[1] Actions not completed by the agreed date.

[2] 3 medium-rated, 2 low-rated.

## Forward Audit Plan, 2026/27

The updated four-year Strategic Internal Audit Program, incorporating the annual operational audit plan, was endorsed by the Executive on 24 June 2026 and approved (as tabled at the 28 May 2026 meeting) on 24 September 2026.

The approved plan for 2026/27 comprises a risk-based program of 15 reviews mapped to the City's Executive Risks and Improvement Focus Areas. In addition to the reviews, the plan includes other advisory and support service activities. This included probity support for the procurement of facilities management services, the Internal Audit unit's improvement project, and the annual confirmation to ARCC of the independence of internal audit activities from the City (as required by the Internal Audit Charter).

The Audit Program provides assurance coverage of key business performance themes i.e., expenditure, revenue, business performance, resilience, compliance, fraud and corruption control, information technology and cybersecurity, environment, and attestation requirements.

## Annual assessment – Internal Audit unit

Per the OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW, the Committee reviews the performance of the Internal Audit unit each year and reports its findings to the Council as part of the Committee's annual assessment.

This ARCC annual assessment of Internal Audit ensures that any concerns regarding the operation of the internal audit function and compliance with the International Professional Practices Framework can be dealt with before they are identified in the four-yearly strategic review. An annual assessment also encourages continuous improvement of internal audit activities.

The Audit Risk and Compliance Committee (ARCC) directed that an independent external quality assessment of the City's Internal Audit Unit be conducted every four years, in accordance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) and Global Internal Audit Standards. In the intervening years, the Chief Internal Auditor is required to undertake an annual self-assessment and report the results to the ARCC.

The most recent independent external quality assessment was completed in 2024, with the report provided to the Chair of the ARCC in July 2024. The assessment confirmed that the City's Chief Internal Auditor delivers an internal audit service of a very high standard, meeting all applicable requirements and conforming with the IIA's Global Internal Audit Standards. The assessment received the highest rating of 'Generally Conforms with all requirements'.

The first annual self-assessment following the independent assessment was completed in October 2025 and reported to the ARCC. The result was consistent with the previous independent assessment rating and confirmed the ongoing conformity of the Internal Audit Unit with the applicable IIA standards. The self-assessment also incorporated continuous improvement initiatives into the City's four-year Strategic Internal Audit Program.

The Chief Internal Auditor also provides an annual declaration to the ARCC and CEO. It covers:

1. Conformance to the City of Sydney's values.
2. Conformance to the City's Code of Conduct for employees.
3. Conformance to mandatory internal auditing requirements, including the IIA Code of Ethics.
4. Conformance to Internal Audit policies and procedures.

5. Conflicts of interest.
6. Completion of professional development requirements for the Institute of Internal Auditors Professional Membership (minimum 40 hours each year).

## External Audit

The City's external auditor is the Audit Office of New South Wales.

The external auditor provides independent audit opinions on both the general and special purpose financial reports of Council. They are also required to audit the statutory returns relating to a number of the City's activities.

The City's Chief Internal Auditor periodically met with representatives of the external auditor to provide insights on the control environment and to minimise overlap of audit areas of focus.

The external auditor was invited to attend each ARCC meeting and joined Committee members on site visits as appropriate.

During the 2025/26 financial year, the Committee:

- considered the program and status reports covering the preparation of the previous financial year (2024/25)
- received and noted the external auditor's letter covering the final audit for 2024/25
- considered and endorsed the 2024/25 General and Special Purpose Financial Reports prior to Council's authorisation
- reviewed Directors' attestations
- reviewed the external audit plan for 2025/26.
- met with the CEO and Executive Director Finance & Procurement.

## Risk management, compliance and governance

For the 2025/26 reporting period the Committee received updates on the topics listed below from the Executive Director Legal & Governance and the Executive Manager Risk & Governance:

- Data breaches
- Governance and compliance training - code of conduct, privacy, chain of responsibility, reporting misconduct
- A suite of updated governance policies
- Misconduct complaints and allegations
- Notifiable child safety incidents
- Notifiable pollution incidents
- Councillor meetings with registered lobbyists and property developers
- Data breaches
- Compliance obligations management
- Instances of non-compliance
- Implementation of legislation and regulatory changes

- Completion of the City's first iteration of assurance maps
- Review of child safety risks
- Review of local child safety risk management plans
- Implementation of modern slavery requirements
- Chain of responsibility improvements
- Regular updates on Executive level risks
- The City's risk appetite statement
- Risk management KPIs and new risk reporting
- Risk focussed senior manager briefings
- Annual risk management self-assessment including compliance with OLG Risk Management requirements
- 3-year risk management plan
- The City's insurance strategy and program
- Third party claims

## Fraud and corruption prevention

For the 2025/26 reporting period the ARCC received updates on the topics listed below from the Executive Manager Risk and Governance:

- Senior managers briefing on corruption risks and the role of managers in prevention
- Corruption prevention seminar for City staff
- Corruption prevention in grant making workshop facilitated by ICAC
- Updated Public Interest Disclosure Policy
- Conflict of interest management
- Implementation of the annual fraud and corruption action plan
- Commencement of the review of the Fraud and Corruption Control Plan and corporate fraud and corruption risk assessment
- Staff training aimed at fraud and corruption prevention
- Internal investigations
- Business unit fraud and corruption control plans
- Complaints and allegations overview
- Reports of suspected corrupt conduct referred to ICAC under s11 of the Independent Commission Against Corruption Act 1988

Eight public interest disclosures were received during this period. The first matter was related to time theft and was finalised due to lack of supporting information. The second matter related to alleged unauthorised workplace surveillance and was found to be unsubstantiated. The third matter related to alleged bullying and harassment and misuse of Council resources and was found to be unsubstantiated. The fourth matter related to personal dealings with Council and misuse of Council resources and was found to be substantiated. The fifth matter relates to alleged

maladministration, timesheet fraud and bullying and harassment and is still under investigation. The sixth matter relates to alleged misuse of Council resources, wrongful termination and bullying and harassment and is still under investigation. The seventh matter relates to alleged inappropriate recruitment practices and misuse of Council resources and is still under investigation. The eighth matter relates to a number of allegations including bullying and harassment, undisclosed conflicts of interest and noncompliant restructure process and is still under investigation.

## Legal

For the 2025/26 reporting period the Committee received updates on the topics listed below from the Executive Director Legal & Governance:

- updates on major legal matters
- briefings on any material litigation affecting the City.

## Workplace health and safety

On a quarterly basis, the Committee reviews reports from the Executive Director People, Performance and Technology and the Executive Manager Safety & Wellbeing on workplace health and safety, including injuries, notifiable incidents, and workers compensation claims.

## Conflicts of Interest Reporting

As required by the Audit Risk and Compliance Committee's Terms of Reference, declarations made by the ARCC independent members are listed below.

**Stephen Horne – Independent Member (term began 01 January 2024)**
**Independent Chair (term starts 01 July 2025)**
**(term ends 31 December 2028)**

| | |
|---|---|
| Australian Energy Market Commission (Commonwealth) | Audit and Risk Committee: Independent Chair |
| Wingecarribee Shire Council | ARIC: Independent Chair |
| National Health Funding Body (Commonwealth) | Audit and Risk Committee: Independent Chair |
| NSW Trustee & Guardian | Audit and Risk Committee: Independent Chair |
| Parkes Shire Council | ARIC: Independent Chair |
| Northern Beaches Council | ARIC: Independent Chair |
| Western NSW LHD | Audit and Risk Committee: Independent Chair |
| Central Coast LHD | Audit and Risk Committee: Chair |
| Parramatta City Council | Audit and Risk Committee: Independent Chair |

**Rosemary Milkins – Independent Member**
**(term ends 30 November 2028)**

| | |
|---|---|
| Health Education & Training Institute | Audit and Risk Committee: Member |
| Mid-North Coast LHD (NSW Government) | Audit and Risk Committee: Independent Member |
| Health Professional Councils Authority | Audit and Risk Committee: Member |
| NSW Department of Customer Service | Audit and Risk Committee: Member |
| Nepean Blue Mountains LHD | Audit and Risk Committee: Member |
| 40 Learnings Consultant & Advisory Services | Director/Sole Proprietor |
| The Eryldene Foundation (Charity) | Non-Executive Director |
| Emergency Leaders for Climate Action | Member |
| Western Sydney LHD | Audit and Risk Committee: Independent Member |

**Robert Lagaida**
**(term ends 30 November 2028)**

| | |
|---|---|
| Responsible Gambling (NSW Office of Responsible Gambling) | Trustee |
| NSW Local Government Procurement | Board Member |
| Western Sydney LHD | Audit and Risk Committee: Member |
| Bureau of Health Information | Board Member |
| Multicultural NSW | Audit and Risk Committee: Chair |
| Health Education and Training Institute | Audit and Risk Committee: Chair |
| Nepean Blue Mountains LHD | Audit and Risk Committee: Chair |
| Orange City Council | ARIC: Chair |
| Central Coast LHD | Audit and Risk Committee: Member |
| Blacktown City Council | ARIC: Chair |
| Liverpool City Council | ARIC: Member |
| City of Newcastle Council | ARIC: Member |

| | |
|---|---|
| North Beaches Council | ARIC: Member |
| Bayside Council | ARIC: Member |
| Wollongong City Council | ARIC: Member |
| Tamworth Regional Council | ARIC: Chair |

## Other

The Chief Internal Auditor has confirmed to the Audit Risk and Compliance Committee and the Chief Executive Office the independence of internal audit activities from the City as required by the ARCC-endorsed Internal Audit Charter.

The Committee assesses the currency of the Internal Audit Charter and evaluates the performance of the Internal Audit unit.

The Committee assesses the currency of its Terms of Reference and evaluates its performance annually.

The ARCC is satisfied that the City has:

- appropriate mechanisms in place to review and implement relevant State Government reports and recommendations related to local government; and
- developed a performance management framework linked to organisational objectives and outcomes.

**STEPHEN HORNE**

Chair, Audit Risk and Compliance Committee

October 2026