


AUDIT, RISK AND IMPROVEMENT COMMITTEE REPORT

2024/25

LIVERPOOL
CITY
COUNCIL

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PURPOSE OF THIS REPORT

The Annual Report is designed to provide the governing body a summary of the work performed by the ARIC to discharge its responsibilities during the preceding year. The report covers the period 1 July 2024 to 30 June 2025.



THE LIVERPOOL REGION

Liverpool is a vibrant and growing city with a diverse population of over 200,000. The region is home to a range of industries, including healthcare, education, manufacturing, and retail. Liverpool Council is committed to fostering a thriving and sustainable community that meets the needs of its residents.

LIVERPOOL COUNCIL'S STRATEGIC OBJECTIVES

Liverpool Council is guided by four key strategic objectives that underpin its work to deliver on its vision and mission. This was developed through Community consultation in 2022 as part of the development of Council's Community Strategic Plan.

The consultation process identified the community's priorities for the next 10 years and captured them in four strategic objectives. These have been based on the quadruple bottom line of social, economic, environmental, and civic leadership matters.

- **Social:** Healthy, inclusive, engaging
- **Environmental:** Liveable, sustainable, resilient
- **Economic:** Evolving, prosperous, innovative
- **Civic Leadership:** Visionary, leading, responsible

These directions serve as a framework for the development and implementation of Council's plans and programs, ensuring that all activities are aligned with the overarching goals of the organisation.

LIVERPOOL ARIC OVERVIEW

The Liverpool ARIC is an advisory body established under the Local Government Act 1993 to provide independent advice and oversight of the Council's risk management, control, governance, and external accountability.

ARIC CHARTER (TERMS OF REFERENCE):

The Committee operates in accordance with the Audit, Risk and Improvement Committee Charter, which was last reviewed and adopted by Council in June 2024. The Charter is available on the Liverpool Council website.

FOREWORD FROM THE CHAIR

It is my privilege to present the Audit, Risk and Improvement Committee (ARIC) Annual Report for the financial year 1 July 2024 to 30 June 2025. This year has seen Liverpool City Council navigate a period of significant reform and heightened external scrutiny, during which the ARIC has played a vital role in strengthening Council's governance, risk management and accountability. The introduction of new legislative requirements for councils' audit committees under section 428A of the Local Government Act has elevated our mandate and focus. In response, Council reviewed and updated the ARIC Charter (most recently in June 2024) and adjusted the Committee's composition to ensure full compliance with the new framework. As Chair (appointed 1 October 2024), I acknowledge the foundational work of my predecessor, Mr Andrew McLeod, who served as ARIC Chair for a decade and helped instil a culture of continuous improvement and independent oversight.

Over the past year, the ARIC has provided rigorous independent advice to Council on its financial and risk posture amid challenging economic conditions. We convened five meetings, including a special session in September 2024 dedicated to reviewing Council's 2023/24 financial statements prior to audit – a new requirement that has strengthened assurance over financial reporting. Throughout the year, the Committee has monitored Council's response to external audit findings and regulatory changes, ensuring that recommendations from auditors and other oversight bodies are implemented promptly and effectively. The Committee is pleased to report that Council achieved full compliance with all newly legislated audit and risk obligations, and has invested in better systems and processes to support governance (including the rollout of an enterprise risk & audit management system). These reforms, together with strong support from Council and management, have enhanced our ability to identify and address risks, drive improvements, and foster an organisational culture of accountability.

Financially, Liverpool City Council's position remains under close watch. The ARIC has been diligent in scrutinising budget performance and long-term financial plans to ensure that Council's spending is responsible and sustainable. We have seen management take proactive steps – such as reviewing discretionary services and project commitments – to strengthen Council's financial sustainability. The Committee's guidance in this area has been constructive, and we are confident that Liverpool City Council enters 2025–26 with a more resilient financial strategy and a clear focus on maintaining sound financial management principles.

The ARIC's impact can be seen in the improvements made across Council's governance framework. During 2024–25, management actively engaged with ARIC's recommendations from the prior year, resulting in clearer risk reporting, enhanced fraud and compliance training programs, and more transparent budgeting and performance measurement. Many of the Committee's past concerns – for example, the need for better tracking of internal audit actions and expanded staff training in key policies – have been addressed with tangible outcomes (detailed in the sections of this report). Our independent oversight has provided Council with greater assurance that risks are being managed, controls are mostly effective, and continuous improvement is embedded in Council operations.

Looking ahead, Liverpool's ARIC will continue to support the Council through a forward agenda focusing on governance excellence and service improvement. As Chair, I am committed to building on the strong foundations laid in this financial year. We will maintain our vigilance over emerging risks – including financial pressures and cyber security threats – and ensure that Council remains responsive to recommendations from auditors and regulators. We will also oversee the implementation of a new 2025–2029 Strategic Internal Audit Plan and monitor the delivery of remaining service review outcomes to drive performance improvements for our community.

In closing, I wish to thank my fellow Committee members for their dedication and insight throughout the year. I also extend our appreciation to the Councillors, Chief Executive Officer, Executive team and staff who have engaged openly with the ARIC. The constructive relationship between management and the Committee has been crucial to our effectiveness. Together, we have strengthened Liverpool City Council's governance, risk and assurance processes in 2024–25, and we will strive for even greater improvements in the year to come.



Michael Ellacott (Chair)
Audit, Risk and Improvement Committee
Liverpool City Council

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Liverpool City Council ARIC consists of three independent voting members (including the Chair) and one non-voting Councillor member (observer), in accordance with Part 4 of the ARIC Charter and NSW regulations

During 2024–25, the independent members were:

- **Andrew McLeod** – Independent Chair (term concluded 30 September 2024)
- **Michael Ellacott** – Independent Chair (from 1 October 2024)
- **Dr Sheridan Dudley** – Independent Member
- **Mr Robert Lagaida** – Independent Member

Councillor representation on the Committee changed following the local government elections in September 2024. In the first quarter of the period, Councillor Karress Rhodes served as the Council-appointed (non-voting) member. After the elections, Council resolved to appoint one Councillor, Councillor Ristevski to attend as Observer in line with the new ARIC Charter, with attendance recorded at each ordinary ARIC meeting.



ARIC MEMBERSHIP PROFILE

MICHAEL ELLACOTT (CHAIR) OCTOBER 2024 TO CURRENT

Mr Ellacott has more than 30 years of senior executive leadership experience in governance for Local and State Government and ASX listed companies, providing strategic and operational advice to Boards and Executive Committees overseeing the design, development, delivery and implementation of multi-billion dollar Transport road and rail asset and infrastructure projects and Programs.

With specific expertise in risk, compliance, financial and non financial assurance, health, safety, environment and quality management, change management, business performance, and continuous improvement, he has been the architect in the design of bespoke governance frameworks and the development and implementation of related innovative and optimised processes, systems and practice improvements.

Mr Ellacott currently serves as an Independent Member/Chair on several Sydney Metropolitan Local Council Audit Risk and Improvement Committees. He has also served as a Member of divisional Steering and Executive Business and Operations Performance Committees in both Transport for NSW and prior, in Qantas. Michael holds Honours and Masters degrees in Applied Science and post-graduate Qualifications in Business. He is a member of the Risk Management Institute of Australia (RMIA) and a Chartered Member of the Australian Institute of Health and Safety (AIHS)

ROBERT LAGAIDA

Mr Robert Lagaida previously worked as a senior executive within NSW Health, currently serve as Board Member and Chair / Member of Audit and Risk Management Committees for NSW Government agencies, Local Government Councils and Not for profit organisations. Mr Lagaida was awarded a Public Service Medal and he holds degrees in Economics, Commerce and Information Systems. He is a Fellow with CPA Australia and a Graduate and Member of the Australian Institute of Company Directors.

SHERIDAN DUDLEY

Dr Sheridan Dudley has over 40 years' experience as a chief executive and leader in state and local government and the not-for-profit sector, focusing on delivering strategic redirection, policy reform and high-quality services. She is an Independent Member of five NSW local government Audit, Risk and Improvement Committees.

Previously Sheridan has been a Commissioner on the Greater Sydney Commission, Chief of Staff to the NSW Minister for Education, CEO of KU Children's Services and General Manager of Camden Council. She is an Honorary Senior Lecturer in the School of Education at the University of NSW and holds a Doctorate in Education, a Masters Degree in Public Administration and a Law Degree in administrative and industrial law.

ANDREW MCLEOD (CHAIR) RESIGNED SEPTEMBER 2024

Extensive experience in Executive roles both in Local Government and the Private sector. Andrew McLeod has been the Chair of Council's ARIC since 2014 and has assisted in providing stability and continuity to the work and functioning of the ARIC.

ARIC MEMBERSHIP PROFILE CONTINUED

MEETINGS AND ATTENDANCE

The ARIC held four ordinary meetings and one financial statement meeting) during 2024–25. Table 1 below summarises member attendance:

The meetings held are as follow;

- 12 September 2024
- 13 October 2024
- 26 February 2025
- 28 April 2025
- 9 July 2025

Note that the 9 July ARIC meeting covers the work undertaken between March-June 2025 and therefore covered within the scope of this annual report.

TABLE 1 – ARIC MEMBER MEETING ATTENDANCE 2024–25

Member	Meetings Attended	Meetings Eligible	Attendance %
Andrew McLeod (Chair, to Sep 2024)	1	1	100%
Michael Ellacott (Chair, from Oct 2024)	4	4	100%
Dr Sheridan Dudley (Independent)	5	5	100%
Robert Lagaida (Independent)	5	5	100%
Councillor representative (non-voting) Clr Ristevski	3 (ordinary meetings)	4	75%

*The special September 2024 meeting on financial statements was a session attended by the independent members and relevant staff. Councillor members participate in ordinary ARIC meetings as observers (non-voting).

The independent members collectively bring a breadth of experience in public sector governance, finance, risk and local government operations, as outlined in their profiles (e.g. Mr Lagaida’s background in NSW Health and audit committees, Dr Dudley’s extensive executive experience in government and not-for-profits, etc.).

COMMITTEE PERFORMANCE

During the year, ARIC undertook a self-assessment of its performance and effectiveness. A survey of members and regular attendees was conducted, covering aspects of ARIC's compliance, value-adding and overall performance. The independent members rated the Committee's overall effectiveness for 2023/24 at 4.36 out of 5 (with 5 being excellent). Other frequent attendees (councillor observers and senior staff) provided an overall effectiveness score of 4.02 out of 5. Importantly, no aspect of the ARIC's performance was rated below "satisfactory" by any respondent. These results indicate a high level of confidence in the Committee's operations and have provided a baseline for continuous improvement.



ARIC SCOPE OF OVERSIGHT



It is important to outline ARIC's Charter, which reflects the requirements of section 428A of the *Local Government Act 1993*. The Act prescribes that an Audit, Risk and Improvement Committee must keep under review the following matters across all of Council's operations:

- **Compliance** – whether Council is complying with its statutory obligations and relevant policies.
- **Risk management** – the effectiveness of Council's enterprise risk management framework, including fraud and corruption control.
- **Fraud control** – adequacy of measures to prevent, detect and respond to fraud and corruption.
- **Financial management** – financial sustainability, financial reporting integrity, internal controls and audit arrangements.
- **Governance** – strength of decision-making, accountability, transparency and integrity processes.
- **Implementation of the Community Strategic Plan, Delivery Program and Operational Plan** – including oversight of service reviews and performance monitoring.
- **Any other matters prescribed by the regulations.**

These statutory responsibilities form the foundation for ARIC's Charter and annual work program.

The remainder of this Annual Report is therefore structured into thematic sections aligned with these duties, demonstrating how ARIC discharged its responsibilities during 2024–25:

1. Risk Governance and Culture

- Covers ARIC's oversight of risk management and fraud control.

2. Internal Audit and Assurance

- Addresses governance and compliance, particularly through the internal audit and control frameworks.

3. Financial Sustainability and Oversight

- Reflects ARIC's review of financial management and financial reporting integrity.

4. Governance, Oversight and Strategic Delivery

- Encompasses governance, implementation of the strategic plan, delivery program and strategies, and service reviews.

5. Performance Data and Improvement

- Addresses collection of performance measurement data and other improvement initiatives, including areas prescribed by regulation.

Together, these five themes ensure ARIC's Annual Report provides a holistic account of its activities across all responsibilities prescribed under the *Local Government Act 1993*.

ARIC REPORT CARD 2024–25

TABLE 2 – ARIC REPORT CARD

Areas for ARIC Oversight	Actions and Achievements
<p>1. Risk Governance and Culture</p> <p><i>(Covers: compliance, risk management, fraud control — s.428A LGA 1993)</i></p>	<ul style="list-style-type: none"> • ARIC monitored implementation of Council’s Enterprise Risk Management Framework, with regular updates to the risk register, treatment plans, and integration into major capital projects and service delivery. • The Committee oversaw specific high-profile risk areas, including cybersecurity, IT resilience, and governance risks linked to Bradfield and the Western Sydney Airport precinct. • ARIC reviewed Council’s fraud and corruption control framework, Code of Conduct compliance, mandatory fraud awareness training, and incident reporting mechanisms, noting higher completion rates and stronger follow-up processes. • ARIC emphasised accountability for risk owners, supporting leadership’s “tone from the top” and reinforcing an organisational culture of ethical conduct and risk awareness.
<p>2. Internal Audit and Assurance</p> <p><i>(Covers: internal audit, compliance reviews — s.428A LGA 1993)</i></p>	<ul style="list-style-type: none"> • ARIC required Council to strengthen closure of high-risk audit actions, reducing overdue actions from 39 to 11, supported by a new escalation process and ELT engagement. • The Committee confirmed Internal Audit’s independence, access to information, and adequate resourcing. The Head of Audit, Risk and Improvement reported directly to ARIC and met regularly, including private sessions. • ARIC shaped the 2025–29 Strategic Internal Audit Plan to focus on emerging risks such as asset management and climate resilience, ensuring alignment with the Enterprise Risk Management framework. • ARIC recommended removal of the Internal Audit Quality Review from the Strategic Plan and for it to be reported separately, keeping the focus on external-facing and community-impact audits. • Audit reporting was improved, with findings embedded into operational leadership forums and risk integration, increasing accountability and continuous improvement.

ARIC REPORT CARD 2024–25 CONTINUED

Areas for ARIC Oversight	Actions and Achievements
<p>3. Financial Sustainability and Oversight</p> <p><i>(Covers: financial management — s.428A LGA 1993)</i></p>	<ul style="list-style-type: none"> • ARIC reviewed and endorsed the 2024–25 annual financial statements, and monitored quarterly budget performance. • The Committee considered external audit findings, recommending strengthened procurement controls, policy updates, and targeted staff training in financial compliance. • ARIC supported the inclusion of service delivery impacts in budget reporting, strengthening links between financial decisions and community outcomes. • ARIC monitored long-term financial health, including asset management maturity, capital reprioritisation, and reserve strategies to ensure sustainability. • The Committee considered sector-wide pressures, including the financial governance risks linked to Western Sydney Airport and growth planning, ensuring alignment with Council’s long-term revenue strategies. • Priorities for the year ahead include revenue diversification, asset renewal funding, and efficiency reviews.
<p>4. Governance, Integrity and External Oversight</p> <p><i>(Covers: governance, probity, oversight agencies — s.428A LGA 1993)</i></p>	<ul style="list-style-type: none"> • ARIC oversaw consolidation and update of Council’s policy framework, including the new Complaints and Compliments Policy mandating regular reporting to ARIC. • The Committee endorsed redevelopment of the Procurement Policy and Standards, addressing probity, clarifying responsibilities, and ensuring compliance reporting. • ARIC monitored fraud and corruption prevention initiatives, including completion rates for compliance training, with management following up directly on gaps. • Following the 2024 election, ARIC supported Councillor induction on ethical standards and meeting procedures, reinforcing governance continuity and integrity. • The Committee also maintained oversight of Ombudsman, ICAC and sector-wide integrity issues, ensuring emerging risks were identified even where Council was not directly named. • ARIC noted no adverse findings from oversight agencies in 2024–25. Its oversight strengthened transparency, ethical standards, and accountability across Council.

ARIC REPORT CARD 2024–25 CONTINUED

Areas for ARIC Oversight	Actions and Achievements
<p>5. Service and Performance Improvement</p> <p><i>(Covers: service reviews, strategic plan/delivery program, performance data — s.428A LGA 1993)</i></p>	<ul style="list-style-type: none"> • ARIC oversaw the four-year Service Review Program covering Library Services, Children’s Services, Parks Management, and Development Assessment, noting that recommendations were implemented promptly with regular updates. • The Committee emphasised that service review outputs should feed into Council’s strategic planning and Delivery Program, ensuring reviews drive tangible improvements, not stand-alone exercises. • ARIC monitored the new Business Improvement Register, which logged all service improvement suggestions, with no overdue items by year-end. • The Committee reviewed Delivery Program reports, noting significant improvements in trend data, narrative explanations, and outcome-based performance measures. • ARIC advocated for enhanced performance management systems, including the roll-out of an “Improvement Actions Dashboard” and greater use of real-time dashboards and data visualisation. • Council’s strong follow-through on overdue audit and review actions was seen by ARIC as evidence of a growing culture of accountability and continuous improvement.



AREAS OF FOCUS CONTINUED

S430 AND S438U- PUBLIC INQUIRY INTO LIVERPOOL COUNCIL

ARIC received a dedicated in camera briefing from the CEO and senior officers on the section 430 investigation, its Terms of Reference, associated governance risks, and the subsequent section 438U Public Inquiry. These matters remained a focus for the Committee, with progress reported through the CEO's quarterly presentations. ARIC actively questioned management and received presentations from staff on how psychosocial hazards and wellbeing risks were being addressed, including code of conduct investigations, councillor staff interaction pressures,

and workplace health and safety issues reviewed by SafeWork NSW. The Committee regarded these as significant organisational risks requiring sustained attention and assurance. This oversight formed an important part of ARIC's role in ensuring governance, risk management and staff welfare were being managed appropriately during a period of heightened external scrutiny.

RISK MANAGEMENT

The Audit, Risk and Improvement Committee (ARIC) is dedicated to ensuring Liverpool City Council maintains a robust enterprise risk management framework supported by a strong and proactive risk culture. In 2024–25, ARIC focused on reviewing the effectiveness of the Council's risk processes, including the adequacy of risk registers, alignment of risks with strategic objectives, and the incorporation of risk into decision-making.

Throughout the year, ARIC monitored ongoing enhancements to the Enterprise Risk Register and broader risk framework. Acting on prior recommendations, management improved risk reporting by clearly linking identified risks with the Council's risk appetite and categorising them as strategic, operational, or compliance risks. These improvements enhanced ARIC's oversight, enabling the identification of any gaps and ensuring risks are managed within agreed tolerance levels.

At each ARIC meeting, the Committee received comprehensive Enterprise Risk Management updates, reviewing key strategic risks and emerging issues. A particular focus was maintained on the Liverpool Civic Place project, with ARIC actively overseeing risk management through to project completion and the management of residual risks.

To cultivate a positive risk culture, ARIC examined management's efforts to promote risk awareness across all levels. This included evaluating the rollout of risk management training and communication, as well as observed enhancements in CAMMS usage and

reporting. These initiatives improved data integrity, risk entry consistency, and accountability for controls and audit actions, reinforcing a shared responsibility for risk.

Overall, ARIC acknowledges significant progress in strengthening risk governance and embedding a proactive risk culture. The Committee notes constructive and transparent engagement with management, with ARIC's guidance—such as refining risk reports and defining risk appetite—being effectively implemented. This collaborative relationship highlights a maturing risk culture Council-wide.

Looking ahead, ARIC will continue to champion initiatives that deepen risk embedding, including leadership training, integrating risk into project management, and hosting regular risk workshops. The Committee also supports Council's finalisation of its risk appetite statement, which will serve as a practical decision-making tool.

Importantly, ARIC has endorsed the 2025–26 Annual Risk Management Plan and will monitor its delivery to maintain momentum. In summary, the 2024–25 period saw continued strengthening of Liverpool City Council's risk governance and culture, with positive momentum expected to continue.

AREAS OF FOCUS CONTINUED

INTERNAL AUDIT

The ARIC oversees Liverpool City Council's Internal Audit function and broader assurance processes to ensure alignment with Council's risk profile and strategic priorities. ARIC's responsibilities include reviewing and approving the Internal Audit Plan, evaluating audit findings, and monitoring management's implementation of audit recommendations. Additionally, ARIC considers other assurance sources, such as compliance reviews and data analytics, to maintain a comprehensive oversight framework.

During 2024–25, internal audit activities were guided by an 18-month Strategic Internal Audit Plan (January 2024 – June 2025), which was refined with ARIC input to reflect evolving risks and priorities. The Committee received regular progress reports, including detailed updates on key audits completed during the year:

TABLE 3 – KEY INTERNAL AUDITS COMPLETED IN 2024–25

Audit topic	Status	Commentary	ARIC Response
Council resolution follow up	Complete	Overall Audit Outcome: Satisfactory The audit confirmed a high level of compliance with implementing Council resolutions. Controls to track and follow through on resolutions were operating effectively, with few delays or gaps in ownership. However, the audit noted some inconsistencies in assigning responsibility across departments.	ARIC welcomed the results as a positive indicator of administrative accountability. Members encouraged Council to embed further automation in resolution tracking systems to reduce reliance on manual processes. They also highlighted the importance of ensuring resolutions with cross-directorate impacts were managed with joint accountability.
Procurement management	Complete	Overall Audit outcome: Needs Improvement The procurement audit revealed that while the framework was generally sound, there were legacy issues in the use of purchase orders and some inconsistent application of procurement thresholds. The audit acknowledged efforts by Council to improve compliance through training and system enhancements.	ARIC noted that this was a recurring area of risk and urged management to adopt a firmer stance on enforcement. The Committee advised that accountability for non-compliance needed to be elevated to ELT and that repeat findings should be treated as serious breaches of policy. A strong culture of procurement integrity was seen as essential.

AREAS OF FOCUS CONTINUED

Audit topic	Status	Commentary	ARIC Response
Lease management	Complete	This audit assessed lease oversight, especially in relation to expired commercial agreements and governance around payment and fees. It identified that many leases were overdue for renewal and that records were not centrally maintained. Leasing rates arrangements varied without clear justifications.	ARIC considered the audit to be a wake-up call. The Committee endorsed a recommendation to establish a centralised lease and licence register and proposed quarterly reporting to track lease expiry, market reviews, and delegations. The potential reputational and financial risks of lease mismanagement were seen as significant.
Unsolicited proposal	Complete	The audit reviewed the application of Council's unsolicited proposal policy. It found that while the policy existed, there was limited evidence of its structured application. In several cases, key assessments and probity reviews were either informal or undocumented.	ARIC expressed concern about exposure to perceived or actual conflicts of interest. It supported refreshing the policy, clarifying probity gatekeeping responsibilities, and aligning with the DPE's good practice guidance. The Committee viewed unsolicited proposals as a governance-sensitive area requiring additional oversight.
RMS Drives Audit	Complete	This audit examined access controls to RMS DRIVES data, used by Council for vehicle and licence checks. No overall conclusion was drawn. Minor matters were identified for management's action.	n/a
Super user log reviews	Q1 Complete / Q2 Complete / Q3 Complete	As an assurance service, Council conducted quarterly reviews of superuser logs of its core system. It was the difficulty in accessing audit logs for one core system. All samples investigated through this process could be justified with business rationale for changes made.	n/a

AREAS OF FOCUS CONTINUED

Audit topic	Status	Commentary	ARIC Response
CAAT – Leave reporting	Q1 Complete / Q3 Complete	Insights and outcomes from the Computer Assisted Audit Techniques (CAAT) leave analytics were provided to the Committee, drawing on trend data extracted from Council's payroll system. The analysis enabled visibility over key leave indicators, including patterns of excess leave balances, leave liability trends, and potential operational risks. This data-driven approach supports targeted workforce planning and improved leave management practices across the organisation.	n/a
Recruitment, staff retention and turnover	Carry forward	The CEO, Head of Audit, Risk and Improvement (HARI), and the ARIC Chairperson met to discuss the timing of the Recruitment Audit. It was agreed that the audit will be deferred, as its tabling may coincide with the upcoming public inquiry into Liverpool City Council.	ARIC concurred that deferral is considered appropriate to avoid any real or perceived overlap, duplication, or interference with the inquiry process. This review was carried into the 2025-2029 Audit Plan
Mattress shredding	Carry forward	Both planned audits were carried forward into the 2025-2029 Audit Plan to avoid overlap with the public inquiry and to better align with longer term strategic priorities	n/a
BCP / Crisis management	Carry forward	n/a	n/a

FORWARD LOOK: KEY FOCUS AREAS AND COMMITMENTS FOR 2025–26

As we conclude this Annual Report, the Audit, Risk and Improvement Committee has identified a number of key focus areas and priorities for the upcoming year 2025–26. Building on the progress and lessons of 2024–25, the Committee will direct its attention to the following:

Embed and Mature the Enterprise Risk

Framework: Having seen improvements in risk reporting and the establishment of a risk appetite structure, ARIC will monitor and evaluate how well risk management is embedded into daily business practices. We will:

- Look for evidence that risk assessments are actively informing decision-making at all levels.
- Prioritise the oversight of the roll out of any Council-endorsed Risk Appetite Statement ensuring management and staff understand and operate within those parameters.
- Monitor the effectiveness of the new Risk & Audit system by reviewing how it's being used for risk register updates and whether it is improving accountability (e.g. fewer overdue risk treatments).
- Cultivating a strong risk-aware culture remains an ongoing mission – ARIC may recommend periodic risk culture surveys or workshops to gauge progress.

Financial Sustainability and Asset Management: In light of constrained revenue and rising costs, ARIC will keep a sharp focus on Council's financial sustainability strategies. We will:

- Scrutinise the draft Long Term Financial Plan for any funding gaps, monitoring the implementation of cost-saving initiatives identified in the prior year (such as service adjustments or efficiency measures), and keep track of debt levels and reserve balances.
- Intensify its our oversight of asset management practices, ensuring that asset renewal and maintenance are funded and prioritised appropriately. We plan to review the state of infrastructure backlogs and the asset management plans, especially for roads, buildings and stormwater, potentially through a dedicated internal audit or review.
- Advise on alignment of asset spending with risk (ensuring critical infrastructure is maintained to avoid future liabilities) and may look into whether further productivity improvements in asset management can be achieved (for example, through use of technology or shared services).

Implementation of the 2025–2029 Strategic

Internal Audit Plan: With a new 4-year Strategic Audit Plan to be approved in July 2025, ARIC will oversee its execution to ensure it delivers value. Key risk areas scheduled for audit in 2025–26 (as per the plan) will likely include procurement and contract management (a follow-up to ensure policy changes are effective), IT/ cyber security (given evolving threats and the Audit Office's inclusion of this risk for attention as identified in the Engagement Letter), regulatory compliance (e.g. development compliance or environmental health), and possibly a performance audit of a major service. We will:

- Track the progress of each audit engagement and maintain pressure on timely completion.
- Importantly, focus on the closure of audit recommendations, striving for Council to keep the momentum from this year's reduction in overdue items.
- Consider recommending a tightened escalation process (with modifications as per ELT feedback) if needed to prevent reverting to prior less optimal audit action timeframes.

External Audit and Oversight Bodies: ARIC will keep engaging closely with the external auditors during the audit of 2024–25 financials, aiming for another smooth audit cycle. We will:

- Verify that the learnings from this year (e.g. early ARIC review) carry forward to expedite the process.
- Track Council's responses to any external oversight reports. For instance, if the Audit Office undertakes a performance audit involving Liverpool (or sector-wide recommendations), ARIC will place that on our agenda to ensure Council evaluates those recommendations.
- Proactively consider requesting an internal gap analysis of Liverpool Council's approach to road asset management given this is expected to be a focus area also of the Audit Office. Any gap analysis would assess Council's methodology versus best practices, with ARIC overseeing any improvement plan arising.

FORWARD LOOK: KEY FOCUS AREAS AND COMMITMENTS FOR 2025–26 CONTINUED

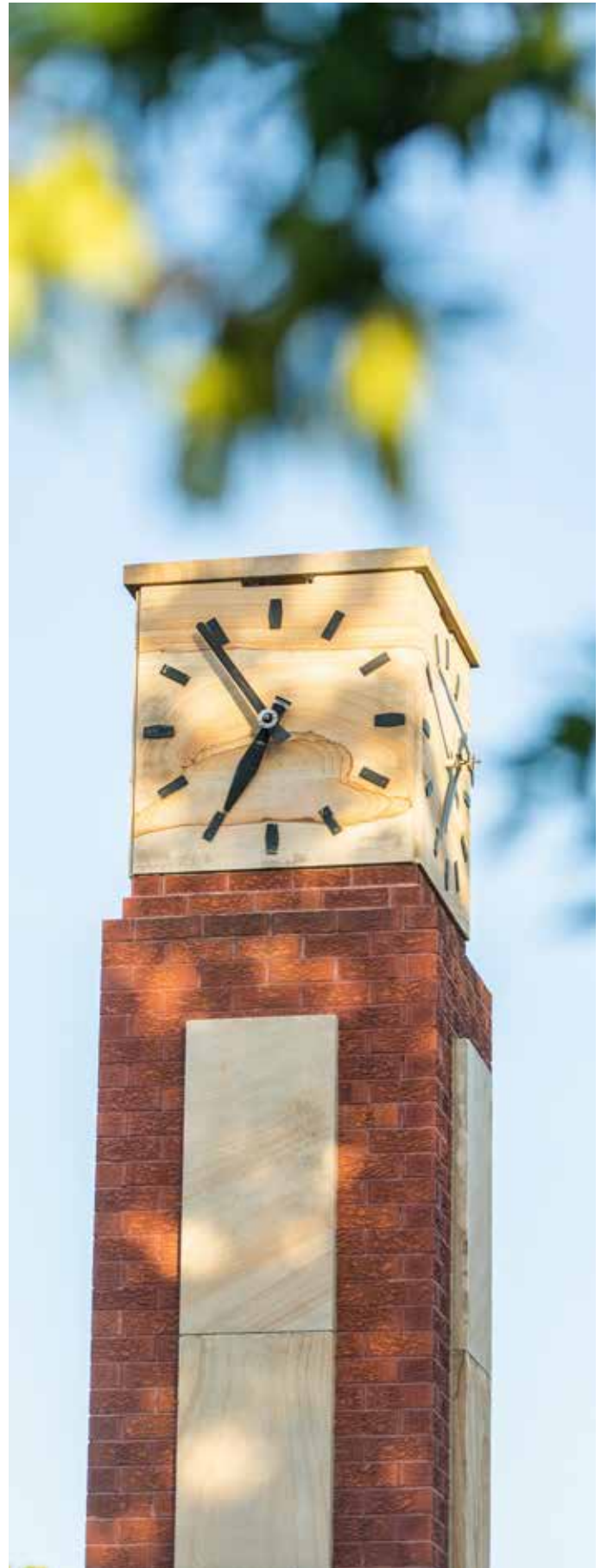
- Remain alert to guidance from the OLG – for example, if the OLG issues updated Risk Management and Internal Audit Guidelines (the current guidelines are relatively new), we will review our Charter and Council's processes to ensure continued alignment.

Committee Continuous Improvement: ARIC itself will pursue continuous improvement in its functioning. We will:

- Implement any opportunities identified in our self-assessment survey (for example, adjusting meeting agendas to allow more strategic discussion, or requesting additional training in specialised areas).
- Ensure robust induction for any new members or observers, as the Councillor membership may rotate annually.
- Work with Council to explore opportunities for ARIC Members to better understand Council operations, Programs and key projects so as we can provide more aligned and informed advice. This could be achieved through site visits or deep-dive briefings on complex areas (such as a tour of the Civic Place facility to better understand the operational risk context, or a briefing on IT architecture to appreciate cyber risk).

Monitoring the Reform Environment: The Committee will stay attuned to the broader reform environment in local government. Issues such as council amalgamations (if mooted), financial assistance grant reforms, or changes in government grant accountability can all impact Council's risk and performance. ARIC will proactively consider such external factors in its advice. For example, if cost-shifting from other government levels intensifies, we will advise Council to model those impacts. If there are reforms in infrastructure contributions or planning that affect Council's revenue, ARIC will weigh in on risk mitigations. Essentially, we aim to be forward-looking, not just retrospective, in our oversight.

Observing Outcomes of the Section 438U Public Inquiry: ARIC will consider any findings, themes, or systemic improvement areas emerging from the S438U public inquiry into Liverpool City Council. The Committee will seek to understand how management intends to address any identified shortcomings and ensure that appropriate actions, governance improvements, or control enhancements are incorporated into Council's broader risk and assurance framework.



CONCLUDING COMMENTS

The ARIC's work in 2024–25 has positioned Liverpool City Council on a stronger footing in governance, risk management and continuous improvement. However, challenges and opportunities lie ahead. The Committee is resolute in ensuring that momentum is maintained and that the gains made are consolidated. Our 2025–26 focus will be on deepening the integration of risk and assurance practices into Council's culture, safeguarding financial sustainability in a tight fiscal climate, and championing innovation and improvement in service delivery for the benefit of our community. We will report on these focus areas in our next annual report, keeping Council and the public informed of our progress and findings.

The ARIC remains committed to working collaboratively with the Council, the CEO and all staff in the coming year. With strong leadership and the oversight mechanisms now firmly in place, Liverpool City Council is well placed to continue delivering for its community in a transparent, responsible and continuously improving manner. We look forward to contributing to another successful year of governance and performance in 2025–26.



For further information

Visit Us

Liverpool CBD Customer Service Hub
Yellamundie, Lower Ground Floor
52 Scott Street, Liverpool, NSW 2170
Open Monday - Friday, 8.30am - 4.30pm

Carnes Hill Customer Service Hub
600 Kurrajong Road, Carnes Hill, NSW 2171
Opening Hours: Monday - Friday, 9.30am - 4.30pm

Moorebank Customer Service Hub
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