

---

# Audit, Risk and Improvement Committee – meeting update

Responsible Officer: Group Manager People & Performance (Helen McNeil)

---

## Recommendation

That Council:

1. Receive and note:
  - (a) the attached minutes from the Audit, Risk and Improvement Committee meeting of 26 July 2021; and
  - (b) the Audit, Risk and Improvement Committee performance report for the period 2020-2021.
2. Note the further deferral of local government elections due to COVID-19 and extend the appointment of the Councillor members of the Audit, Risk and Improvement Committee (being, Councillor Cook (primary member) and Councillor Cameron (alternate member)) until such time as the local government elections take place.

## Background

The Audit, Risk and Improvement Committee ('Committee') met on 26 July 2021. A copy of the minutes of the meeting are attached ([Attachment 1](#)).

## Key messages

### 1. Risk and compliance

- [2021 Risk Management Presentation](#):

The Committee was provided with an overview of the:

- Development status of Council's risk registers;
- Proposed internal risk reporting;
- Mid-year review of Council's [Risk Management Plan](#); and
- Mid-year Risk Maturity Assessment.

The results of the mid-year Risk Maturity Assessment indicated that while Council generally incorporates elements of risk management into its activities, these practices are yet to become consistent and systematic throughout the organisation. Improvements, particularly to enhance risk management culture, are needed in order to achieve Council's target of 'Advanced Maturity'.

### 2. Work Health and Safety

- [WHS statistical update](#):

A statistical update of Work Health Safety ('WHS') events over the previous financial year displaying lag and lead indicators was provided to the Committee.

The number of reported WHS events decreased by 13 in 2020-21 compared to the previous year.

Council's Operations business unit continue to record the greatest number of WHS events which is reflective of the operating environment and having the highest number of workers.

The frequency of Lost Time Injuries also decreased in 2020-21 and now sits just above the SafeWork Australia benchmark.

---

### 3. Audit

The Committee received a status update on the implementation of outstanding internal and external audit recommendations.

- Internal Audit:

Following the addition of the recent recommendations made as part of the Procure to Pay review, there are now 18 internal audit recommendations still to be implemented by staff. These also include recommendations made as part of the previous Work Health Safety and Asset Management internal audits.

- External Audit:

As at July 2021 there remains 11 recommendations made by Council's external auditors (TNR on behalf of the NSW Audit Office) still to be completed. It was noted by the external auditor in attendance at the Committee meeting that a number of these recommendations duplicate the recommendations made as part of the Procure to Pay internal audit and that no new issues were identified this year necessitating an Interim Management Letter.

### 4. Finance

The Committee received and noted the information presented in the Financial Management Report – July 2021 regarding:

- The adoption of the draft Delivery program / Operational plan and 2021/22 Budget for 1 July 2021 to 30 June 2022.
- Interim external audit.
- Consideration of Council's annual financial statements in October 2021.
- The Investment report furnished to Council's June 2021 meeting applicable for the month of May 2021.
- A snapshot of the findings of the NSW Auditor-General contained in the [Report on Local Government 2020](#).

### 5. Service Review

- Organisation structure and resourcing review:

A further update on the review of Council's organisation structure and resourcing was provided to the Committee.

A final structure has been confirmed following input received through consultative processes including feedback from the Leadership Group and Consultative Committee.

### 6. Committee performance review 2020-2021

The 2020-21 Committee Performance Report was endorsed by the Committee and is presented to Council by the Committee Chair - see [Attachment 2](#).

---

## 7. Other Matters

- NSW Auditor General's Report on the acquisition of 4-6 Grand Avenue, Camellia, by Transport for NSW

A snapshot of the NSW Auditor-General findings was provided to the Committee, being:

- That Transport for NSW ('TfNSW') did not have approval to offer \$53.5 million for the property and the Acting Deputy Secretary did not have delegation to approve the acquisition – the acquisition occurred prior to the business case for the Parramatta Light Rail project being approved.
- Consideration of the proposal was rushed and poorly informed – information presented to TfNSW's Finance and Investment Committee ('FIC') was biased towards efforts to complete the transaction, did not include information in relation to necessary contamination remediation works or formal valuation to support the purchase price. The members of the FIC had less than two (2) hours to consider the proposal and negligible chance to query responsible staff as the matter was dealt with out-of-session;
- Internal policies and procedures to guide the transaction were, and continue to be, insufficient;
- TfNSW has identified that the acquisition was at increased risk of fraudulent activity and financial loss but has not investigated whether these risks were realised. The Director of Audit and Risk noted that an internal audit would be unlikely to detect wrongdoing unless the audit included a 'deep dive' component. The then Deputy Secretary, Infrastructure and Place, commissioned an internal audit but it did not contain a 'deep dive' component.

- New Risk Management and Internal Audit Framework

The Committee were advised that the Office of Local Government ('OLG') recently provided northern councils with an update on the consultation outcomes and expected commencement of the new risk management and internal audit framework for local councils (the 'Framework') which was first released for discussion in September 2019.

Since then, the Office of Local Government has released for consultation a set of draft guidelines that will operate in conjunction with a regulation to govern the Framework. Submissions on the 'Guidelines for risk management and internal audit for local councils in NSW' close on 26 November 2021.

## 8. ICT Business Plan – status update

The Committee received an update on the implementation status of the objectives outlined in the 2019-2021 ICT Business Plan ('Plan').

The Plan was intended as a starting point and early maturity model in planning Rous' continual ICT business improvement and set out the agreed priorities while a longer-term ICT Strategy was developed.

Work will continue on incomplete elements of the Plan until either finalised or superseded by the ICT Strategic Plan 2021-2025. A further status report will be provided to the Committee at its meeting in November 2021.

## Extension of Councillor appointments due to deferral of local government elections

The Committee is currently constituted of the following voting members for the terms specified:

- 
1. Independent External Chair – Brian Wilkinson – Four-year term expiring September 2023.
  2. Independent External Member – Andrew MacLeod – Four-year term expiring April 2025.
  3. Councillor Member – Cr Darlene Cook (Cr Basil Cameron, alternate Councillor Member) – Two-year term expiring September 2021.

Councillor Darlene Cook was nominated to the Committee on 17 October 2018 with Councillor Basil Cameron being nominated as the alternate member ([91/18]). This term of appointment was extended for a period of 12-months following the first deferral of the local government elections to 4 September 2021 due to COVID-19 ([45/20]).

Given the further deferral of the local government elections to 4 December 2021 due to COVID-19 it is proposed that the appointment of both Cr Cook and Cr Cameron be extended for such further period as required to align with the date that the local government elections take place.

### **Comment**

The Committee is scheduled to meet on 18 October 2021 to consider Council's Financial Statements. Due to the timing of that meeting and for issuing the agenda and business paper for Council's 20 October 2021 meeting, the Committee's meeting minutes will not be available to include as an attachment to this report. The minutes may however be available for tabling at the Council meeting. Should that not eventuate for whatever reason the Committee's minutes will be furnished to Council's next meeting.

### **Consultation**

This report was prepared in consultation with the Audit, Risk and Improvement Committee Chairperson.

### **Conclusion**

This report provides a summary of the key messages from the 26 July 2021 Audit, Risk and Improvement Committee meeting and other associated matters.

### **Attachments**

1. Audit, Risk and Improvement Committee meeting minutes 26 July 2021
2. Committee Performance Review - period 2020-2021