
Committee Performance Review - period 2021-2022

PREPARED BY: BRIAN WILKINSON
(Independent Member – Chair, Audit, Risk and Improvement Committee)

Recommendation

That the Audit, Risk and Improvement Committee Performance Review – period 2021-2022 be received and endorsed.

Purpose

To provide information in relation to the performance and role/activities of the Audit, Risk and Improvement Committee.

Background

The Audit, Risk and Improvement Committee Charter provides as follows:

The chairperson of the Committee and General Manager will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the chairperson of the Committee or Council), with appropriate input from management and any other relevant stakeholders, as determined by the chairperson of the Committee.

A report on the Committee Performance Review (2020-2021) was submitted to the Audit, Risk and Improvement Committee on 26 July 2021. That report was subsequently reported to Council and included information on the Committees' activities up to 30 June 2021.

Over recent years the Office of Local Government NSW have been progressing Guidelines that will update and change the roles and reporting of Audit Risk and Improvement Committees. As part of the transition to those requirements an **annual report** has been prepared by the Committee in 2020 and 2021 to Council. This 2021 Committee Performance report has been prepared to progress towards what is anticipated to be future Committee Reporting requirements, to meet the provisions of the Committee's Charter and provide information on the role and activities of the Committee from July 2021 to June 2022.

Governance

The purpose, role and conduct of the Committee is guided by the Rous County Council Audit, Risk and Improvement Committee Charter and Internal Audit Charter.

The Rous County Council Audit, Risk and Improvement Committee Charter includes the following purpose for the Committee:

The role of the Committee is to report to Rous County Council and provide appropriate advice and recommendations on matters identified by this Charter. The Committee is independent and therefore operates independently of Council management.

The Committee has a legislated duty to keep under review the following aspects of Council's operations:

1. *Compliance*
2. *Risk management*
3. *Fraud control*
4. *Financial management*

-
5. *Governance*
 6. *Implementation of the strategic plan, delivery program and strategies*
 7. *Service reviews*
 8. *Collection of performance measurement by Council*
 9. *Any other matters prescribed by regulations made under the Local Government Act 1993.*

Over the past 12 months the Committee has been mindful and aware of the Local Government Legislation that is aimed at further defining and embedding the roles and responsibilities of Audit Risk and Improvement Committees as part of the operations and functions of Local Government in NSW.

During the period July 2021- June 2022 the Committee met four times. The Committee Members (Brian Wilkinson, Andrew McLeod, and Councillors Darlene Cook/ Big Rob) have attended all meetings either in person or via remote technology. In that regard the Committee appreciates the efforts and arrangements made by Council staff to ensure meetings continued on schedule.

The Committees' activities and governance processes has continued to be strongly supported by the Executive Team and staff at Rous County Council. It is acknowledged by the Committee that the Covid and Flood Event challenges have impacted on staff resourcing towards Committee activities; however, the Committee has been satisfied with the quantity and quality of reporting provided to the Committee during this reporting period.

During the reporting period a change in Internal Auditors occurred; this change was guided by external advertising and a structured assessment process (including input from the Committee). As a result of the process InConsult were appointed as Council Internal Auditors and participated in their initial meeting with the Committee on 26 April 2022.

To guide the various meeting agendas and content during the year, a "Schedule of Reporting" was adopted. This resulted in regular reporting on required items; in that regard the Committee was pleased with the content and presentation of reports. It was also appreciated that there was consistent attendance and involvement of staff at Committee Meetings.

The Internal and External Audit Programs of Council have had appropriate reporting and links to the Committee role and meeting agendas. The current Committee Charter and Internal Audit Charter are considered appropriate and supportive of the Committee role (but will need to be reviewed when the proposed new Guidelines are in place).

The following comments and information provide the views of the Committee in relation to the operations of Council:

Information and reporting has been provided to the Committee in respect of **Compliance** Monitoring and Reporting. e.g. the use of the NSW Office of Local Government calendar of compliance reporting, the policy and delegations reviews, the annual Code of Conduct Statistics, and information relating to Section 355 Committees (particularly in regard to the volunteer floodgate operator program).

Regular reporting has been provided on **Enterprise Risk Management**; this has included information on the Risk Register and actions being taken to mitigate risks. The Committee also received a presentation on the status and development of risk management in July 2021. Whilst the finalisation of a fully operative risk management framework is still progressing, the Committee is confident that there is increasing commitment to the utilisation of risk management in the organisation. Work Health and Safety has also been subject of reporting to the Committee. It has been noted that in the review of the staffing structure that emphasis is being placed on risk management and its associated processes.

Council has responded to External Audit reports and NSW Audit Office Reports in relation to Fraud Control. The Committee has received information on actions being taken by staff on **Fraud Control**, including checklists, awareness and improved business systems.

During the 2021-22 financial year the Committee has received reports and presentations relating to the **Financial Management** processes of Council. The External Auditors have engaged closely with the Committee in respect to annual financial statements, Management Letters and the Annual Audit Engagement Plan. In addition, the Committee have been kept informed via agenda items on budget preparation, quarterly budget reviews, and investment processes. As part of the External Audit Management Letters there are recommended actions to improve Councils' approach to various processes. The implementation of those actions is kept under review by the Committee.

As with all local government organisations, the **Governance** processes at Rous County Council are diverse and are subject to ongoing action. The Committee have received regular reports and information on governance practices and improvements, including: Policy, Procedure and delegation reviews/ Internal Audit Reports and Actions/ Section 355 Committees/Code of Conduct statistics/ and the development of the ICT Business Plan. During the 2020-21 financial year the Committee received reports and monitored progress on the following internal audit items: Work Health and Safety, Asset Management, Procure To Pay.

An integral part of Local Government operations is the Strategic Planning processes and the actions taken to implement strategies. **The Implementation of the Strategic Plan, Delivery Program and Strategies** at Rous County Council are supported by comprehensive and understandable documentation. The Committee have received reports and presentations relating to those processes.

During the reporting period the Committee received comprehensive information in relation to the **Service Review** relating to the Organisation Structure and Resourcing Review as well as the proposed "relocation". An Overview of the recent flood impact and response was also provided to the Committee.

The collection of performance management data by Council has been reported to the Committee (and the community) via the Annual Report and the Strategic Plan, Delivery Program and Operational Plan processes.

In addition to the above, the Committee have been kept informed of **Other Matters** relevant to the role of ARIC and Councils' operations. This has included the Annual Internal Audit Plan, Internal Audit reports, Reports and Publications from the Independent Commission Against Corruption, Information and Privacy Commission of NSW, Performance Audits and Local Government Reports from The Audit Office of NSW, **The Internal Audit Program** of Council is undertaken via a third party and is monitored closely by the Committee; in that respect the Committee has had input to the recently reviewed annual audit plan (based around identified risks of the Council and the Local Government industry), receives and considers reports from the internal auditor and also monitors progress made on recommendations in Internal Audit Reports. The scope of the Internal Audit Program can reach across the various operations of council i.e. Compliance, Governance, Financial Management, Fraud Control, Risk management and Strategic Planning. Reference has been made earlier in this report to the items covered through Internal Audit by the Committee. The Internal Audit Program of Council is considered appropriate at this time; however, it should be noted that going forward there will be pressures via the new Guidelines and ARIC responsibilities that will likely require increased internal audit resources/ funding.

Mention was made earlier in this report to the ICT Business Plan. The Committee notes that both the External Audit coverage and Internal Audit Plan have included items relating to ICT issues i.e. Cyber Security, ICT processes and controls, etc. Accordingly, the ongoing need for strong ICT processes and planning will continue to be a focus of the Committee.

The scope of the Committee activities identified in this Report supports the view that the Committee is undertaking its required functions in an appropriate manner.

As part of the preparation of this Performance Report consideration has been given to the content of the Charters that guide the role of the Committee. As Chairperson, I have been unable to identify any specific 'failings' of the Committee to meet their obligations and responsibilities. In addition, it is considered that there are no specific matters that need to be brought to the attention of the elected Council.

Financial

The Audit, Risk and Improvement Committee functions and associated actions are funded from existing budget and resource allocations.

Consultation

In providing this report for Committee consideration the opportunity was provided to Committee Members to review the draft Committee performance review and provide feedback and/or suggested amendments. In addition, the General Manager and staff were also requested to provide comments as part of the process of reporting the review to the Committee.

Conclusion

As Chairperson of the Rous County Council Audit, Risk and Improvement Committee I consider that, as outlined above, the Committee has satisfactorily and appropriately undertaken and performed its role during the 2021-2022 period.

Brian Wilkinson
Chair