
Committee Performance Review 2022-2023

PREPARED BY: BRIAN WILKINSON

(Independent Member - Chair: Audit, Risk and Improvement Committee)

Recommendation

That the Audit, Risk and Improvement Committee Performance Review – period 2022-2023 be received and endorsed.

Purpose

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

Background

The Audit, Risk and Improvement Committee Charter provides that:

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.

It has become practice over the past two years for a report on the Committee Performance Review to be prepared annually in order to ensure currency of information and to provide ongoing communication to the elected Council on the operations of the Committee.

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. This 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 to provide information on the role and activities of the Committee from July 2022 to June 2023.

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

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7. Service reviews
 8. Collection of performance measurement by Council
 9. Any other matters prescribed by regulations made under the Local Government Act 1993.

During the period July 2022- June 2023 the Committee met five times. The Committee Members (Brian Wilkinson, Andrew MacLeod, and Councillor Big Rob) have attended/participated in all meetings either in person or via remote technology. In that regard, the Committee acknowledges the efforts and arrangements made by Council staff to ensure meetings continued on schedule and contained information relevant to the role of the Committee.

The Committee's activities and governance processes have continued to be strongly supported by the Executive Team and staff at Rous County Council. It is acknowledged by the Committee that the ongoing impacts of Covid and Flood Event challenges have influenced staff resourcing and the capacity of the organisation to progress all Committee activities; however, the Committee has been satisfied with the quantity and quality of reporting provided to the Committee during this reporting period.

Given the scope of "items" the Committee is required to cover, a "Schedule of Reporting" has been utilised to guide the various meeting agendas, content and report timing throughout the year. A copy of the schedule is provided as part of each meeting agenda and has 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 have been appropriate and supportive of the Committee role. (These are subject of review to transition to the recent Audit Risk Improvement Committee guidelines released via the Office of Local Government).

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 policy and delegation reviews, the annual Code of Conduct Statistics, and information relating to Section 355 Committees (particularly in regard to the volunteer floodgate operator program). The Committee also received information on the new requirements for the Dam Safety Act/ Regulations, the Emergency Evacuation planning for the Gallens Road site and the Fire Safety compliance review undertaken. The Committee has been informed of actions taken relating to compliance requirements for the new term of Council.

Regular reporting has been provided on Enterprise Risk Management; this has included information on the Risk Register and Risk Management Framework. Whilst the finalisation of a fully operative risk management framework is still to be completed due to staff resourcing issues, the Committee is confident that there is commitment to the utilisation and understanding of risk management in the organisation. Work Health and Safety has also been the subject of reporting to the Committee. This included information on insurance claims and trends; Health and Safety Environment updates; Work Health and Safety updates; and information relating to emergency responses and business continuity planning.

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. The Committee has also been informed in relation to ICT planning and statistics relating to cyber incidents.

During the 2022-23 financial year the Committee has received reports and presentations relating to the Financial Management processes of the 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 has 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 Council's approach to various processes. The implementation of those actions is kept under review by the Committee. It was pleasing that the Committee was provided with information on the Loan restructure assessment, various revaluation processes, the impact of the Floods on infrastructure and works programs, the TCorp Loan Investment issue, and the Retail Water Bad Debt write off.

As with all local government organisations, the Governance processes at Rous County Council are diverse and are subject to ongoing action. The Committee has 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/ Code of Meeting Practice and the progress of the ICT Business Plan and the Digital Transformation Strategy. During the 2022-23 financial year the Committee received reports and monitored progress on the following internal audit items: Work Health and Safety, Asset Management, Procure to Pay and the IT General Controls.

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 is supported by comprehensive and understandable documentation. The Committee has received reports and presentations relating to those processes e.g. the IPR Framework, progression of the Delivery and Operational Plans. The Committee received reporting on the Flood Debrief report undertaken internally and actions taken in that regard.

During the reporting period the Committee received comprehensive information in relation to the Service Review relating to the Organisation Structure review of the Richmond Water Laboratories, the Corporate Systems Review (including Digital Transformation) as well as updates on the proposed "relocation".

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. The Annual Report provided information on Council's performance in delivering actions outlined in the IPR Framework.

In addition to the above, the Committee has been kept informed of Other Matters relevant to the role of ARIC and Council's 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 Committee has been kept aware of developments in relation to the Audit Risk and Improvement guidelines and the Industrial Relations Commission issue.

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 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.