



# Finance, Community & Services Committee



## Agenda

Monday 8 November 2021

6.00pm

Meeting to be held using conferencing technology (refer to details over page)

## Compliance with social distancing requirements to limit the spread of COVID-19 virus at Council and Committee Meetings:

Amendments have been made to the *Local Government Act 1993* to allow councils to meet remotely to reduce the risk of COVID-19 and ensure compliance with the Public Health Order.

In line with social distancing requirements to limit the spread of the COVID-19 virus Woollahra Council will be webcasting Council (i.e. Ordinary and Extraordinary) and Committee meetings (i.e. Environmental Planning (EP), Finance, Community & Services (FC&S) and Strategic & Corporate (S&C) (until further notice).

The Mayor, Councillors and staff will be participating in meetings by **attending in person**, however given social distancing requirements members of the public are unable to attend meetings in person. Members of the public are invited to watch and/or listen to Council meetings live by either using conferencing technology or by teleconference. Public participation online or by phone will be managed in accordance with meeting procedures.

Meetings will be webcast and member of the public can watch and listen to meetings live (via Council's website) or dial in to listen to the meetings using a telephone.

You may also submit late correspondence. Instructions on how to do this are provided below:

- **To watch the meeting live (from 6.00pm)**  
Details on how to watch the meeting live will be available at Finance, Community & Services Committee Agendas, Audio Recordings and Minutes - [https://www.woollahra.nsw.gov.au/council/meetings\\_and\\_committees/committees/finance\\_community\\_and\\_services\\_committee\\_fcs\\_fc\\_and\\_s\\_agendas\\_and\\_minutes](https://www.woollahra.nsw.gov.au/council/meetings_and_committees/committees/finance_community_and_services_committee_fcs_fc_and_s_agendas_and_minutes)
- **To submit late written correspondence (submit by 12noon on the day of the meeting)**  
Members of the public may submit late written correspondence on an agenda item being considered at the Council meeting. If you wish to make a written submission on an item on the agenda, please email your submission to [records@woollahra.nsw.gov.au](mailto:records@woollahra.nsw.gov.au) by 12noon on the day of the meeting.
- **To register to address the meeting (submit by 12noon on the day of the meeting)**  
Members of the public may register to speak on an agenda item being considered at the Finance, Community & Services Committee meeting, by registering via email [records@woollahra.nsw.gov.au](mailto:records@woollahra.nsw.gov.au) by 12noon on the day of the meeting. Following your registration you will be emailed the details and instructions on how to join the meeting.

If you are experiencing any issues in joining the meeting please call (02) 9391 7001.

An audio recording of the meeting will be uploaded to Council's website following the meeting by 5.00pm on the next business day.

### Disclaimer:

By using conferencing technology or by teleconference, listening and/or speaking at Council or Committee Meeting members of the public consent to their voice and personal information (including name and address) being recorded and publicly available on Council's website. Councillors, staff and members of the public are advised that meeting are being lived streamed, accessible via a link from Council's website.

By addressing and/or listening to a Council or Committee meeting, members of the public consent to their voice and personal information (including name and address) being recorded and publicly available on Council's website.

Accordingly, please ensure your address to Council is respectful and that you use appropriate language and refrain from making any defamatory statements or discriminatory comments. Woollahra Council does not accept any liability for statements, comments or actions taken by individuals during a Council or Committee meeting.

Any part of the meeting that is held in closed session will not be recorded.

People connecting to this meeting by conferencing technology or teleconference are reminded that under the *Local Government Act 1993*, the recording of meetings by a member of the public using any electronic recording device including a mobile phone or video camera is not permitted. Any person found recording without the permission of Council may be expelled from the meeting.

The audio recording of each meeting will be retained on Council's website for a minimum period of 6 months. After that period has passed, recordings of meetings may be disposed of in accordance with the *State Records Act 1998*.

For further information please visit [www.woollahra.nsw.gov.au](http://www.woollahra.nsw.gov.au)

### Recommendation **only** to the Full Council ("R" Items):

- Such matters as are specified in Section 377 of the Local Government Act and within the ambit of the Committee considerations.
- The voting of money for expenditure on works, services and operations.
- Rates, Fees and Charges.
- Donations.
- Grants Program.
- Asset Rationalisation.
- Corporate Operations:
  - Statutory Reporting;
  - Adoption of Council's Community Strategic Plan, Delivery Program and Operational Plan;
  - Delegations; and
  - Policies.
- Voluntary Planning Agreements (VPAs).
- Leases required to be determined by Full Council by specific legislative requirements.
- Matters which involve broad strategic or policy initiatives within responsibilities of Committee.
- Matters delegated to the Council by the Roads and Maritime Services.
- Residential Parking Schemes - Provision and Policies.
- Matters requiring the expenditure of moneys and in respect of which no Council vote has been made.
- Matters **not** within the specified functions of the Committee,
- Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive change.

### Delegated Authority to be determined at Committee level ("D" Items):

- General financial and corporate management of the Council, except those specifically excluded by statute, by Council direction or delegated specifically to another Committee.  
Note: This is not to limit the discretions of nominated staff members exercising Delegated Authorities granted by the Council.
- Statutory reviews of Council's Delivery Program and Operational Plan.
- Finance Regulations, including:
  - Authorisation of expenditures within budgetary provisions where not delegated;
  - Quarterly review of Budget Review Statements;
  - Quarterly and other reports on Works and Services provision; and
  - Writing off of rates, fees and charges because of non-rateability, bad debts, and impracticality of collection.
- Auditing.
- Property Management.
- Asset Management.
- Works and Services - Monitoring and Implementations.
- Legal Matters and Legal Register.
- Parks and Reserves Management.
- Infrastructure Management, Design and Investigation.
- Community Services and Programs.
- Cultural Programs.
- Library Services.
- Health.
- Licensing.
- Liquor Licences.
- Regulatory.
- Fire Protection Orders.
- Residential Parking Schemes (surveillance and administration).
- Traffic Management (Traffic Committee Recommendations).
- Waste Minimisation.
- To require such investigations, reports or actions as considered necessary in respect of matters contained within the Business Agendas (and as may be limited by specific Council resolution).
- Confirmation of the Minutes of its Meetings.
- Statutory reviews of Council's Delivery Program and Operational Plan.
- Any other matter falling within the responsibility of the Finance, Community & Services Committee and not restricted by the Local Government Act or required to be a Recommendation to Full Council as listed above.

**Finance, Community & Services Committee Membership:** 7 Councillors  
**Quorum:** The quorum for Committee meeting is 4 Councillors

# Woollahra Municipal Council

## Notice of Meeting

3 November 2021

To: Her Worship the Mayor, Councillor Susan Wynne ex-officio  
Councillors Anthony Marano (Chair)  
Richard Shields (Deputy Chair)  
Peter Cavanagh  
Claudia Cullen  
Megan McEwin  
Harriet Price  
Lucinda Regan

Dear Councillors,

### **Finance, Community & Services Committee – 8 November 2021**

In accordance with the provisions of the Local Government Act 1993, I request your attendance at Council's **Finance, Community & Services Committee** meeting to be held in the **via teleconferencing, on Monday 8 November 2021 at 6.00pm.**

Councillors and members of the public are advised that we will be holding Council and Committee meetings remotely using conferencing technology (until further notice).

Watch and listen to the meeting live via Council's website:

[https://www.woollahra.nsw.gov.au/council/meetings\\_and\\_committees/committees/finance\\_community\\_and\\_services\\_committee\\_fcs/fc\\_and\\_s\\_agendas\\_and\\_minutes](https://www.woollahra.nsw.gov.au/council/meetings_and_committees/committees/finance_community_and_services_committee_fcs/fc_and_s_agendas_and_minutes)

A audio recording of the meeting will be uploaded to Council's website following the meeting by 5.00pm on the next business day.

The safety of our community, Councillors and our staff is Council's number one priority and we thank you for your patience and understanding at this time.

If you have any difficulties accessing the meeting please contact (02) 9391 7001.

Craig Swift-McNair  
General Manager



## Meeting Agenda

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### **Items to be Submitted to the Council for Decision with Recommendations from this Committee**

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**Item No:** D1 Delegated to Committee  
**Subject:** **CONFIRMATION OF MINUTES OF MEETING HELD ON 11 OCTOBER 2021**  
**Author:** Sue O'Connor, Governance Officer  
**File No:** 21/212383  
**Reason for Report:** The Minutes of the Finance, Community & Services Committee of 11 October 2021 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

**Recommendation:**

THAT the Minutes of the Finance, Community & Services Committee Meeting of 11 October 2021 be taken as read and confirmed.

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**Annexures**

1. Unconfirmed FC&S Committee Minutes - 11 October 2021 [↓](#) 



## Finance, Community & Services Committee



# Minutes

Monday 11 October 2021



## Finance, Community & Services Committee Minutes

Monday 11 October 2021

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**Minutes of the Meeting held on  
11 October 2021 at 6.00pm  
held using teleconferencing technology.**

Present: Councillors Anthony Marano (Chair)  
Richard Shields  
Peter Cavanagh  
Claudia Cullen  
Megan McEwin  
Harriet Price  
Lucinda Regan

Staff Jacky Hony (Team Leader – Community Development) – via Zoom  
Aurelio Lindaya (Manager – Engineering) – via Zoom  
Zubin Marolia (Manager – Property & Projects) – via Zoom  
Henrietta McGilvray (Corporate Accountant) – via Zoom  
Vicki Munro (Manager – Community & Cultural) – via Zoom  
Sue Meekin (Director – Corporate Performance)  
Carolyn Nurmi (Governance Officer)  
Patricia Occelli (Director – Community & Customer Experience) – via Zoom  
Tom O’Hanlon (Director – Infrastructure & Sustainability)  
Paul Ryan (Chief Financial Officer) – via Zoom  
Anthony Sheedy (Senior Property Officer) – via Zoom  
Helen Tola (Manager – Governance & Council Support)  
Caroline Tunney (Senior Property Officer) – via Zoom

Also in Attendance: Luke Malone (Auditor for Council)

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## Leave of Absence and Apologies

An apology was received and accepted from The Mayor Councillor Susan Wynne and leave of absence granted.

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## Late Correspondence

Late correspondence was submitted to the committee in relation to Item R7.

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## Declarations of Interest

Councillor Price declared a Non-Significant, Non-Pecuniary Interest in Item D2 (Y2 – Cambridge Street, Paddington – Stop Control Intersection Treatment) as Councillor Price lives in Cambridge Street. Councillor Price participated in debate and voted on the matter.

Councillor Regan declared a Non-Significant, Non-Pecuniary Interest in Item R1 (Licence of Camp Cove Kiosk, Cliff Street, Watsons Bay – Tender SC5403) as Councillor Regan had played netball with Michelle Fahry many years ago. Councillor Regan participated in debate and voted on the matter.

Councillor Cavanagh, declared a Non-Significant, Non-Pecuniary Interest in Item R2 (Landowner's Consent for Change of use and amendment to practice facility at Woollahra Golf Course) as Councillor Cavanagh knows Hughes Woodgate, noting that Mr Woodgate is running number two to Councillor Cavanagh on the ballot papers for the upcoming Local Government Election. Councillor Cavanagh remained in the meeting, however did not vote on the matter.

Councillor Shields, declared a Non-Significant, Nonpecuniary interest in Item R2 (Landowner's Consent for Change of use and amendment to practice facility at Woollahra Golf Course) as he knows Hughes Woodgate and that further that Mr Woodgate is running number two to Councillor Shields on the ballot papers for the upcoming Local Government Election. Councillor Shields remained in the meeting, however did not vote on the matter.

Councillor McEwin declared a Non-Significant, Non-Pecuniary Interest in Item R2 (Landowner's Consent for Change of use and amendment to practice facility at Woollahra Golf Course) as Councillor McEwin as herself and Nicola Grieve are both in The Greens Party and she does not know whether Nicola Grieve has submitted any correspondence with regards to the Landowner's Consent for Change of use and amendment to practice facility at Woollahra Golf Course. Councillor McEwin participated in debate and voted on the matter.

Councillor Regan declared a Significant, Non-Pecuniary Interest in Item R7 (Holdsworth Community Funding Agreement for 2022/23) as Councillor Regan is a Director of the Holdsworth Community Centre Limited. Councillor Regan advised listened to the debate, however did not vote on the matter.

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Woollahra Municipal Council  
Finance, Community & Services Committee Minutes

11 October 2021

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**Items to be Decided by this Committee using its Delegated Authority**

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**Item No:** D1 Delegated to Committee  
**Subject:** **CONFIRMATION OF MINUTES OF MEETING HELD ON 13 SEPTEMBER 2021**  
**Author:** Sue O'Connor, Governance Officer  
**File No:** 21/192367  
**Reason for Report:** The Minutes of the Finance, Community & Services Committee of 13 September 2021 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

**(Cullen/Regan)**

**Resolved:**

THAT the Minutes of the Finance, Community & Services Committee Meeting of 13 September 2021 be taken as read and confirmed, subject to removal of reference to Stephen Tait from page 582 of the Minutes.

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**Item No:** D2 Delegated to Committee  
**Subject:** **WOOLLAHRA LOCAL TRAFFIC COMMITTEE MINUTES - 5 OCTOBER 2021**  
**Author:** Aurelio Lindaya, Manager Engineering Services  
**Approver:** Tom O'Hanlon, Director - Infrastructure & Sustainability  
**File No:** 21/197946  
**Reason for Report:** For the Committee to consider the recommendations of the Woollahra Local Traffic Committee.

**Note:** Councillor Price declared a Non-Significant, Non-Pecuniary Interest in this Item as Councillor Price lives in Cambridge Street. Councillor Price participated in debate and voted on the matter.

**Note:** The Committee added Part B to the Resolution.

**(McEwin/Cullen)**

**Resolved:**

- A. THAT the Recommendations Y1-Y2 contained in the minutes of the Woollahra Traffic Committee held on Tuesday 5 October 2021 be adopted.
- B. THAT the Recommendation Y3 as amended.

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11 October 2021

**Item No:** Y1  
**Subject:** **VICTORIA ROAD, BELLEVUE HILL - DOUBLE BARRIER CENTRE LINE MARKING**  
**Author:** Caitlin Bailey, Traffic & Transport Engineer  
**Approvers:** Emilio Andari, Team Leader - Traffic & Transport  
Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/188444  
**Reason for Report:** Request from a local resident to improve road safety.

(McEwin/Cullen)

**Resolved without debate:**

THAT a 95 metre double barrier 'BB' centre line marking be installed on Victoria Road, Bellevue Hill, between Old South Head Road and Bellevue Park Road, as shown in Annexure 1, in order to improve road safety at this location.

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**Item No:** Y2  
**Subject:** **CAMBRIDGE STREET, PADDINGTON - STOP CONTROL INTERSECTION TREATMENT**  
**Author:** Caitlin Bailey, Traffic & Transport Engineer  
**Approvers:** Emilio Andari, Team Leader - Traffic & Transport  
Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/190000  
**Reason for Report:** To improve road safety at the intersection.

(McEwin/Cullen)

**Resolved without debate:**

THAT:

- A. The installation of a 'STOP' control treatment for Cambridge Street, Paddington, at its intersection with Glenmore Road be approved, in order to improve traffic conditions and road safety at the intersection, as shown in Annexure 1.
- B. Notification be undertaken two (2) weeks prior to the implementation of the 'STOP' control treatment to forewarn all drivers of the changed conditions at the intersection.

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**Item No:** Y3  
**Subject:** **LYNE PARK CAR PARK, ROSE BAY - NEW BUS STOP NEAR ROSE BAY FERRY WHARF**  
**Author:** Emilio Andari, Team Leader - Traffic & Transport  
**Approver:** Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/192532  
**Reason for Report:** To provide a new bus stop as part of a public transport improvement scheme link between Coogee Beach and Rose Bay Ferry Wharf by Transport for NSW (TfNSW).

**Note:** The Committee added Part B and Part C to the Resolution.

**(Cullen/Regan)**

**Resolved:**

- A. THAT a new 30 metre 'Bus Zone Saturday-Sunday, Public Holidays & School Holidays, 1 October-30 April' restriction and a 'No Parking All Other Times' restriction be installed along the western side of Lyne Park Car Park, Rose Bay, adjacent to the harbour and as shown in Annexure 1, to facilitate operation of the modified 362 bus route during summer weekends and school holidays peak periods.
- B. THAT staff explore opportunities to maximise 5 minutes drop and go parking when the Bus Zone is not in operation, along the entire side of the access road.
- C. THAT staff explore eliminating non state transit buses from parking in the bus zone (for a certain period of time).

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**Item No:** D3 Delegated to Committee  
**Subject:** **PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 TO THE PUBLIC**  
**Authors:** Henrietta McGilvray, Corporate Accountant  
Paul Ryan, Chief Financial Officer  
**Approver:** Sue Meekin, Director Corporate Performance  
**File No:** 21/196775  
**Reason for Report:** To present the Financial Statements for the year ended 30 June 2021 to the public.

**Note:** In accordance with Council's meeting procedure and policy this matter is referred to full Council due to a substantive change of the Committee's Recommendation to the officers Recommendation. (See item R8).

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**Item No:** D4 Delegated to Committee  
**Subject:** **MONTHLY FINANCIAL REPORT - SEPTEMBER 2021**  
**Author:** Toby Andreassen, Financial Accountant  
**Approvers:** Paul Ryan, Chief Financial Officer  
Sue Meekin, Director Corporate Performance  
**File No:** 21/194197  
**Reason for Report:** To present the monthly financial report for September 2021.

**(Cullen/Price)**

**Resolved:**

THAT the Committee:

- A. Receive and note the Monthly Financial Report – September 2021.
- B. Note that Council's 12 month weighted average return for September 2021 on its direct investment portfolio of 0.47% exceeds the benchmark 90 day AusBond Bank Bill Index of 0.02%.
- C. Note that the interest for the quarter to September of \$107k has come in below our original budget of \$152k for the same period and will be subject to revision during our September quarterly budget review.

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**Item No:** D5 Delegated to Committee  
**Subject:** **DISCLOSURE OF INTEREST RETURNS SUBMITTED BY COUNCILLORS & DESIGNATED PERSONS**  
**Author:** Gwen Hughes, Governance Coordinator  
**Approvers:** Helen Tola, Manager - Governance & Council Support  
Sue Meekin, Director Corporate Performance  
**File No:** 21/69006  
**Reason for Report:** To table the Annual Disclosure of Interest Returns that have been received by Council for the period 30 June 2020 to 30 June 2021 and the Primary Returns Disclosure of Interest Returns for 1 July 2021 to 30 September 2021.

**(Cullen/Price)**

**Resolved:**

- A. THAT Council notes that the Disclosure of Interest Returns for the period 30 June 2020 to 30 June 2021 (Annual Returns) have been submitted in accordance with the requirements of the Code of Conduct.
- B. THAT Council notes that Primary Disclosure of Interest Returns of five new Designated Persons have been submitted during the period 1 July 2021 to 30 September 2021 in accordance with the requirements of the Code of Conduct.

Woollahra Municipal Council  
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**Item No:** D6 Delegated to Committee  
**Subject:** **DISABILITY INCLUSION ACTION PLAN - ANNUAL REPORT 2020-21.**  
**Author:** Jacky Hony, Team Leader - Community Development  
**Approvers:** Vicki Munro, Interim Manager Community & Culture  
Patricia Occelli, Director Community & Customer Experience  
**File No:** 21/194658  
**Reason for Report:** To present to and inform the Committee of progress in implementing the actions in Council's mandatory Disability Inclusion Action Plan 2017 for Financial Year 2020/21.

(Cullen/Price)

**Resolved:**

- A. THAT the Disability Inclusion Action Plan report for 2020/21 be received and noted.
- B. THAT the process for developing an updated Disability Inclusion Action Plan 2022 be noted.

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**Items to be Submitted to the Council for Decision with Recommendations from this Committee**

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**Item No:** R1 Recommendation to Council  
**Subject:** **LICENCE OF CAMP COVE KIOSK, CLIFF STREET, WATSONS BAY - TENDER SC5403**  
**Author:** Caroline Tunney, Senior Property Officer  
**Approvers:** Zubin Marolia, Manager - Property & Projects  
Tom O'Hanlon, Director - Infrastructure & Sustainability  
**File No:** 21/188681  
**Reason for Report:** To consider the tender for the License of Camp Cove Kiosk, Watsons Bay

**Note:** Councillor Regan declared a Non-Significant, Non-Pecuniary Interest in this Item R1 as Councillor Regan had played netball with Michelle Fahry many years ago. Councillor Regan participated in debate and voted on the matter.

**Note:** Omer Farhy and Michelle Farhy, addressed the Committee.

**Note:** The Committee amended Part B of the Recommendation.

(Cullen/Price)

**Recommendation:**

- A. THAT Council, in accordance with Clauses 178 (1)(b) of the Local Government (General) Regulation 2021, declines the tender from Denim Collaborations Pty Ltd due to non-conformance with the mandatory requirement of the tender to replace the southern window.

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- B. THAT Council, in accordance with Clause 178 (3)(e) of the Local Government (General) Regulation 2021, enters into negotiations with Denim Collaborations Pty Ltd, for Licensing Camp Cove Kiosk and outdoor seating area, to consider alternatives for not replacing the southern window, and accepting the scope of licensee works proposed, with an annual rent of at least \$60,0000 ex GST, subject to further advice relating to probity and the impact on the South Head Heritage Trail.
- C. THAT should the negotiations with Denim Collaborations Pty Ltd fail to reach agreement, Council authorises the General Manager to enter into negotiations with other suitably qualified persons, in accordance with Clause 178 (3)(e) of the Local Government (General) Regulation 2021.

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**Item No:** R2 Recommendation to Council

**Subject:** **LANDOWNER'S CONSENT FOR CHANGE OF USE AND AMENDMENT TO PRACTICE FACILITY AT WOOLLAHRA GOLF COURSE**

**Author:** Zubin Marolia, Manager - Property & Projects

**Approver:** Tom O'Hanlon, Director - Infrastructure & Sustainability

**File No:** 21/198539

**Reason for Report:** To seek Council approval to grant landowner's consent for submission of a DA.

**Note:** Hugh Woodgate, addressed the Committee.

**Note:** The Committee amended Part B of the Recommendation.

**Note:** Councillor Cavanagh, declared a Non-Significant, Non-Pecuniary Interest in this Item as Councillor Cavanagh knows Hughes Woodgate, noting that Mr Woodgate is running number two to Councillor Cavanagh on the ballot papers for the upcoming Local Government Election. Councillor Cavanagh remained in the meeting, however did not vote on the matter.

**Note:** Councillor Shields, declared a Non-Significant, Non-Pecuniary interest in this Item as he knows Hughes Woodgate and that further that Mr Woodgate is running number two to Councillor Shields on the ballot papers for the upcoming Local Government Election. Councillor Shields remained in the meeting, however did not vote on the matter.

**Note:** Councillor McEwin declared a Non-Significant, Non-Pecuniary Interest in this Item as Councillor McEwin as herself and Nicola Grieve are both in The Greens Party and she does not know whether Nicola Grieve has submitted any correspondence with regards to the Landowner's Consent for Change of use and amendment to practice facility at Woollahra Golf Course. Councillor McEwin remained in the meeting, participated in debate and voted on the matter.

**Motion moved by Councillor McEwin  
Seconded by Councillor Regan**

- A. THAT Council, in its capacity as owner of the Woollahra Golf Course, grant landowner consent to Woollahra Golf Club to lodge a DA for the Practice Facility Change of Use Application as per the plans included at Attachment 1 of this report, with the following amendment:
  - i. the noise absorbent panels at the rear of the hitting area be extended to form a 'return' at the northern end of the new structure.
- B. THAT operation of the facility be limited to the hours:
  - i. 7am – 4.30pm (during winter)
  - ii. 7am – 6pm (during daylight savings).
- C. THAT no lighting other than safety lighting be permitted within the facility.
- D. THAT no alcohol may be consumed within the practice facility.

**Amendment moved by Councillor Price  
Seconded by Councillor Cullen**

- A. THAT Council, in its capacity as owner of the Woollahra Golf Course, grant landowner consent to Woollahra Golf Club to lodge a DA for the Practice Facility Change of Use Application as per the plans included at Attachment 1 of this report, with the following amendment:
  - i. the noise absorbent panels at the rear of the hitting area be extended to form a 'return' at the northern end of the new structure.
- B. THAT operation of the facility be limited to the hours 7am – 6pm.
- C. THAT no lighting other than safety lighting be permitted within the facility.
- D. THAT no alcohol may be consumed within the practice facility.

**The Amendment was put and carried.  
The Amendment became the Motion.  
The Motion was put and carried.**

**(Price/Cullen)**

**Recommendation:**

- A. THAT Council, in its capacity as owner of the Woollahra Golf Club, grant landowner consent to Woollahra Golf Club to lodge a DA for the Practice Facility Change of Use Application as per the plans included at Annexure 1 of this report, with the following amendment:
  - i. the noise absorbent panels at the rear of the hitting area be extended to form a 'return' at the northern end of the new structure.
- B. THAT operation of the facility be limited to the hours 7am – 6pm.
- C. THAT no lighting other than safety lighting be permitted within the facility.
- D. THAT no alcohol may be consumed within the practice facility.

Woollahra Municipal Council  
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11 October 2021

**Item No:** R3 Recommendation to Council  
**Subject:** **CLOSING AND SALE OF ROAD RESERVE ADJOINING 16 WUNULLA ROAD, POINT PIPER (SC 6056)**  
**Author:** Anthony Sheedy, Senior Property Officer  
**Approvers:** Zubin Marolia, Manager - Property & Projects  
Tom O'Hanlon, Director - Infrastructure & Sustainability  
**File No:** 21/180795  
**Reason for Report:** To consider the closing and sale of a portion of Wunulla Road reserve to the adjoining owner 16 Wunulla Road, Point Piper.

(Regan/McEwin)

**Recommendation:**

- A. THAT Council proceed with the sale of the road reserve adjoining 16 Wunulla Road, Point Piper with the following conditions:
- i. A purchase price of \$6,500 per square metre (incl GST) for the estimated 20 sqm road reserve portion, subject to final survey.
  - ii. A 10% non-refundable deposit of \$13,000 being received by Council.
  - iii. The balance of the purchase price is to be paid in full to Council upon Gazettal of the road closure and completion of the sale.
- B. THAT subject to A above, in accordance with Section 38D Roads Act, 1993 Council approve the closing of a portion of Wunulla Road adjoining 16 Wunulla Road, provided that the purchaser enters into a conditional Contract of Sale with the Council.
- C. THAT Council authorise the Mayor and General Manager to execute and affix the Council Seal to all necessary documentation to effect the Road closure and sale, i.e. Plan of Road Subdivision and closing, Transfer document etc.

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**Item No:** R4 Recommendation to Council  
**Subject:** **ROAD LEASE - 42 CRANBROOK ROAD, BELLEVUE HILL (SC6620)**  
**Author:** Anthony Sheedy, Senior Property Officer  
**Approvers:** Zubin Marolia, Manager - Property & Projects  
Tom O'Hanlon, Director - Infrastructure & Sustainability  
**File No:** 21/189630  
**Reason for Report:** To consider the renewal of the lease for road reserve portion adjoining 42 Cranbrook Road, Bellevue Hill.

(Cullen/McEwin)

**Recommendation:**

- A. THAT in accordance with Section 157 of the Roads Act, 1993 Council grant the owner 42 Cranbrook Road, Bellevue Hill a road lease for occupation of an estimated 105 sqm portion of Council's road reserve adjoining 42 Cranbrook Road; subject to the following terms and conditions:

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Finance, Community & Services Committee Minutes

11 October 2021

- i. Lease term of 5 years.
  - ii. Payment of a lease commencement rent of \$8,400 per annum plus GST, with an annual review to CPI.
  - iii. Public Liability insurance of minimum \$20 Million.
  - iv. The applicant agreeing to pay all Council's costs associated with lease preparation.
- B. THAT the Councils General Manager be authorised to execute all documents required to finalise this matter.

---

**Item No:** R5 Recommendation to Council  
**Subject:** **UPDATE REPORT ON THE EASTERN REGION LOCAL GOVERNMENT ABORIGINAL AND TORRES STRAIT ISLANDER FORUM (ERLGATSIF) AND DEVELOPMENT OF A RECONCILIATION ACTION PLAN**  
**Author:** Jacky Hony, Team Leader - Community Development  
**Approvers:** Vicki Munro, Interim Manager Community & Culture  
Patricia Occelli, Director Community & Customer Experience  
**File No:** 21/126558  
**Reason for Report:** To provide an update on the Eastern Region Local Government Aboriginal and Torres Strait Islander Forum (ERLGATSIF) and to seek Council's support for the development of a 'Reflect' Reconciliation Action Plan, through Reconciliation Australia.

**Note:** The Committee amended Part A of the Recommendation.

**(Price/Cullen)**

**Recommendation:**

- A. THAT Council receive and note the report and expedite our transition to 'Innovate RAP'.
- B. THAT Council support the development of an initial Reconciliation Action Plan (RAP), known as a Reflect RAP, through Reconciliation Australia.
- C. THAT a further report be presented to Council following the development of the draft Reflect RAP.
- D. THAT the annual funding, previously allocated to Eastern Region Local Government Aboriginal and Torres Strait Islander Forum (ERLGATSIF) in the 2021/22 budget, be re-allocated to the development of a Reconciliation Action Plan.

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**Item No:** R6 Recommendation to Council  
**Subject:** **PUPPIES IN THE PARK EVENT**  
**Authors:** Rachel Bangoura, Community Development Officer  
Jacky Hony, Team Leader - Community Development  
**Approvers:** Vicki Munro, Interim Manager Community & Culture  
Patricia Occelli, Director Community & Customer Experience  
**File No:** 21/177566  
**Reason for Report:** In response to a Notice of Motion resolved at the Council meeting 23 August 2021 regarding the former 'Puppies in the Park' event.

(Price/McEwin)

**Recommendation:**

- A. THAT Council receive and note the report.
- B. THAT Council not proceed to hold a separate 'Puppies in the Park' event in 2022 but continue to partner with the three dog events, already planned for 2022, namely Pound Paws Day at the Golden Sheaf in Double Bay; Dog Show in Rushcutters Bay Park; and Doggy Day Out in Lyne Park.
- C. THAT staff provide an evaluation report to Council by end December 2022 to evaluate the success of the above events and outline future opportunities for dog / pet related events in the Woollahra Local Government Area.

---

**Item No:** R7 Recommendation to Council  
**Subject:** **HOLDSWORTH COMMUNITY FUNDING AGREEMENT FOR 2022/23**  
**Author:** Vicki Munro, Interim Manager Community & Culture  
**Approver:** Patricia Occelli, Director Community & Customer Experience  
**File No:** 21/194624  
**Reason for Report:** To obtain Council direction on the development of a Holdsworth Community Funding Agreement for 2022/2023.

**Note:** Councillor Regan declared a Significant, Non-Pecuniary Interest in this Item as Councillor Regan is a Director of the Holdsworth Community Centre Limited. Councillor Regan listened to the debate, however did not vote on the matter.

**Note:** Jason Malone & Wendy Francis, addressed the Committee.

**Note:** Late correspondence was tabled by Patricia Occelli, Council's Director Community & Customer Experience.

**Note:** The Committee amended Part A and Part D & added new Part E of the Recommendation.

Woollahra Municipal Council  
Finance, Community & Services Committee Minutes

11 October 2021

**(Price/Cullen)**

**Recommendation:**

- A. THAT Council enter into a new 3 year Agreement with Holdsworth Community (the full terms of which are to be reviewed and approved by Council) with draft funding for the draft 2022/23 budget of \$1,040,372 as follows:
- i. Navigating the MAC System \$204,600
  - ii. Aged Care Wellness Hub trial \$402,688
  - iii. Woollahra Dementia Alliance – Action Plan \$50,250
  - iv. Woollahra Connect Program \$182,390
  - v. Family Services \$200,444.
- B. THAT Council advise Holdsworth Community in writing of the outcome of the Funding Agreement review.
- C. THAT future funding for Holdsworth Community for 2023/24 and 2024/25 be determined on an annual basis and the proposed budget reported to Council with the Holdsworth Community's Annual Business Plan, Strategic Plan, and Audited Financial Statements and Annual Report by 31 December each year, providing 6 months written notice of the upcoming proposed Funding Agreement.
- D. THAT Council urgently advocate to State and Federal Governments, in support of Holdsworth Community, in the areas of Aged Care Reform and Supported Playgroup funding as outlined in the report.
- E. THAT Council staff prepare a report to Councillors on the use of Council's logo and branding as provided by clause 6.2 of the current funding agreement.

---

**Item No:** R8 Recommendation to Council

**Subject:** **PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 TO THE PUBLIC**

**Authors:** Henrietta McGilvray, Corporate Accountant  
Paul Ryan, Chief Financial Officer

**Approver:** Sue Meekin, Director Corporate Performance

**File No:** 21/196775

**Reason for Report:** To present the Financial Statements for the year ended 30 June 2021 to the public.

**Note:** In accordance with Council's meeting procedure and policy this matter is referred to full Council due to a substantive change of the Committee's Recommendation to the Officers Recommendation.

**Note:** Luke Malone, Auditor for Council, addressed the Committee.

**Note:** The Committee added Part B to the Recommendation.

Woollahra Municipal Council  
Finance, Community & Services Committee Minutes

11 October 2021

**(Cullen/Price)**

**Recommendation:**

- A. THAT the General Purpose Financial Statements for the year ended 30 June 2021, as presented to the public, be received and noted.
- B. THAT as a matter of urgency Council will continue to take proactive action to address the negative impact to the Operating Performance Ratio including from recent COVID-19 related expenses, and improve Council's long term financial sustainability.

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There being no further business the meeting concluded at 9.10pm.

**We certify that the pages numbered 685 to 699 inclusive are the Minutes of the Finance, Community & Services Committee Meeting held on 11 October 2021 and confirmed by the Finance, Community & Services Committee on 8 November 2021 as correct.**

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**Chairperson**

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**Secretary of Committee**

Unconfirmed






**Item No:** D2 Delegated to Committee  
**Subject:** **WOOLLAHRA LOCAL TRAFFIC COMMITTEE MINUTES - 2 NOVEMBER 2021**  
**Author:** Aurelio Lindaya, Manager Engineering Services  
**Approver:** Tom O'Hanlon, Director - Infrastructure & Sustainability  
**File No:** 21/222543  
**Reason for Report:** For the Committee to consider the recommendations of the Woollahra Local Traffic Committee

**Recommendation:**

THAT the Recommendations Y1-Y4 contained in the minutes of the Woollahra Traffic Committee held on Tuesday 2 November 2021 be adopted.

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**Annexures**

1. Woollahra Local Traffic Committee Minutes - 2 November 2021 [↓](#) 



# Woollahra Local Traffic Committee



## Minutes

Tuesday 2 November 2021

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# Woollahra Local Traffic Committee Minutes

Tuesday 2 November 2021

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## Woollahra Local Traffic Committee Minutes

The meeting of the Woollahra Local Traffic Committee was via teleconference, on 2 November 2021 at 10.00am.

### Attendance

#### Committee Members:

Present: Aurelio Lindaya (Woollahra Municipal Council) (Chair)  
Rohit Autar (Transport for NSW)  
Ram Sritharan (Transport for NSW)  
Van Le (Transport for NSW)  
Sen Const. Alex Birchansky (Eastern Suburbs Police)  
Jennifer Zin (Gabrielle Upton MP Representative)

Staff: Tom O'Hanlon (Woollahra Municipal Council)  
Emilio Andari (Woollahra Municipal Council)  
Caitlin Bailey (Woollahra Municipal Council)  
Ever Fang (Woollahra Municipal Council)  
Jonas Manalang (Woollahra Municipal Council)

Also in Attendance: Megan McEwin (Councillor – Item Y2)  
Marcus Gillezeau (Resident – Item Y2)  
Walter Lewin (Resident – Item Y2)  
Barbara Coombes (Resident – Item Y2)

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**1. Apologies** Sgt Luke Barrett (Eastern Suburbs Police)  
Bushara Gidies (Transport for NSW – State Transit)  
Alex Greenwich MP (Member for Sydney)  
Suzy Rich (Woollahra Municipal Council)

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### **2. Minutes of Previous Meeting**

The minutes of Meeting No. 9/21 held via teleconference on Tuesday 5 October 2021 were confirmed by Rohit Autar.

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### **3. Matters arising from Minutes of Previous Meetings**

Nil

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**4. Woollahra Local Traffic Committee recommendations not adopted or amended by Woollahra Council Finance, Community & Services Committee**

**Item No:** Y3  
**Subject:** **LYNE PARK CAR PARK, ROSE BAY - NEW BUS STOP NEAR ROSE BAY FERRY WHARF**  
**Author:** Emilio Andari, Traffic & Transport Team Leader  
**Approvers:** Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/192532  
**Reason for Report:** To provide a new bus stop as part of a public transport improvement scheme link between Coogee Beach and Rose Bay Ferry Wharf by Transport for NSW (TfNSW).

**RECOMMENDATION OF COMMITTEE:**

- A. THAT a new 30 metre 'Bus Zone Saturday-Sunday, Public Holidays & School Holidays, 1 October-30 April' restriction and a 'No Parking All Other Times' restriction be installed along the western side of Lyne Park Car Park, Rose Bay, adjacent to the harbour and as shown in Annexure 1, to facilitate operation of the modified 362 bus route during summer weekends and school holidays peak periods.
- B. THAT staff explore opportunities to maximise 5 minutes drop and go parking when the Bus Zone is not in operation, along the entire side of the access road.
- C. THAT staff explore eliminating non state transit buses from parking in the bus zone (for a certain period of time).

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**5. Extraordinary Meetings**

Nil

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**6. Late Correspondence**

- Alex Greenwich MP did not attend the meeting. A copy of his comments has been distributed to the other committee members via email.
- Four late submissions were received in regards to Item Y2. These documents have been distributed to the committee members via email and tabled at the meeting.
- Two late submissions were received in regards to Item Y4. These documents have been distributed to the committee members via email and tabled at the meeting.

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**Items to be Recommended to the Finance, Community and Services Committee by the  
Woollahra Local Traffic Committee for Consideration**

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**Item No:** Y1  
**Subject:** **VICTORIA STREET, WATSONS BAY - TIMED 'NO STOPPING' RESTRICTIONS AND INTERSECTION LINE MARKING**  
**Author:** Caitlin Bailey, Traffic & Transport Engineer  
**Approvers:** Emilio Andari, Team Leader - Traffic & Transport  
Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/209393  
**Reason for Report:** To improve traffic safety and efficiency in the local road network.

**Recommendation:**

THAT 'No Stopping 9am-6pm Saturday, Sunday & Public Holidays, 1 October – 31 March' restrictions on the southern side of Victoria Street, Watsons Bay, between Cliff Street and Cove Street, and directional arrows at the intersection of Victoria Street and Cliff Street, Watsons Bay, be approved, as shown in Annexure 1, in order to ease congestion and improve traffic flows during summer peak periods.

**Committee Vote:** Unanimous Support

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**Item No:** Y2  
**Subject:** **CARRARA ROAD, VAUCLUSE - TIMED NO STOPPING RESTRICTIONS**  
**Author:** Caitlin Bailey, Traffic & Transport Engineer  
**Approvers:** Emilio Andari, Team Leader - Traffic & Transport  
Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/209415  
**Reason for Report:** To improve traffic safety and access in the local road network.

**Recommendation:**

THAT 22 metres of 'No Stopping 9am-6pm, Sat-Sun & Public Holidays, 1 Oct-31 Mar' restrictions, as shown in Annexure 2, be approved, in order to improve traffic safety and ease congestion during peak periods, subject to additional 'No Stopping 9am-6pm, Sat-Sun & Public Holidays, 1 Oct-31 Mar' restrictions being installed at the end of Carrara Road to facilitate safe turning movements, 'No Parking' restrictions opposite Tingara Avenue being replaced with 'No Stopping' restrictions, and the proposed 13 metre 'No Stopping 9am-6pm, Sat-Sun & Public Holidays, 1 Oct-31 Mar' restrictions to be extended in length to include a section opposite the driveway of property No.18-20 Carrara Road.

**Note:** Late correspondence was tabled at the meeting.

**Note:** Councillor McEwin addressed the Committee.

**Note:** Mr Marcus Gillezeau addressed the Committee requesting for improved signage, particularly opposite Tingara Avenue and more parking enforcement during peak periods.

**Note:** Mr Walter Lewin addressed the Committee requesting for the Committee to consider expanding the 'No Stopping' restriction at the end of Carrara Road and extend the proposed 13 metre timed 'No Stopping' restriction across the driveway to property No.18-20 Carrara Road.

**Note:** Ms Barbara Coombes addressed the Committee requesting for the Committee to consider the existing 'No Parking' restrictions located opposite Tingara Avenue to be converted to 'No Stopping' restrictions.

**Note:** Recommendation amended at meeting.

**Committee Vote:** Unanimous Support

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**Item No:** Y3  
**Subject:** **GLENMORE ROAD, PADDINGTON - RAISED PEDESTRIAN CROSSING**  
**Author:** Ever Fang, Traffic & Transport Engineer  
**Approvers:** Emilio Andari, Team Leader - Traffic & Transport  
Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/213671  
**Reason for Report:** To improve pedestrian safety and amenity

**Recommendation:**

THAT the existing at-grade pedestrian crossing in Glenmore Road, Paddington, immediately north of Campbell Avenue, be raised to improve pedestrian and road safety as per Annexure 1 – Concept Design, subject to a detailed design plan being provided to Transport for NSW and NSW Police for review and concurrence prior to construction.

**Committee Vote:** Unanimous Support

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**Item No:** Y4  
**Subject:** **DOVER ROAD, ROSE BAY - INVESTIGATION FOR NO HEAVY VEHICLES RESTRICTION**  
**Author:** Emilio Andari, Team Leader - Traffic & Transport  
**Approver:** Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/214969  
**Reason for Report:** To respond to concerns raised by local residents.

**Recommendation:**

THAT:

- A. The proposed 'No Heavy Vehicles' restriction in Dover Road, Rose Bay, between New South Head Road and Old South Head Road, not be approved, due to the likely adverse impacts caused to other surrounding local streets and given the low level of support from the community; and
- B. Council's Traffic and Transport Engineers explore future funding opportunities to implement additional traffic calming measures across the Rose Bay local road network in order to reduce traffic speed and improve pedestrian, cyclist and motorist safety.

**Note:** Late correspondence was tabled at the meeting.

**Committee Vote:** Unanimous Support

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**Items for Discussion by Committee Members**

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**Item No:** Z1  
**Subject:** **TRANSPORT FOR NSW FUNDED PROJECT STATUS**  
**Author:** Emilio Andari, Team Leader - Traffic & Transport  
**Approver:** Aurelio Lindaya, Manager Engineering Services  
**File No:** 21/215850  
**Reason for Report:** Monthly update on Transport for NSW Funded Projects  
**Recommendation:**

THAT the information be received and noted.

**Committee Vote:** Unanimous Support

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**9. General Business**

Nil

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There being no further business the meeting concluded at 10.48am

**We certify that the pages numbered 1 to 7 inclusive are the Minutes of the Woollahra Local Traffic Committee Meeting held on 2 November 2021.**

\_\_\_\_\_  
**Chairperson**

\_\_\_\_\_  
**Secretary of Committee**



**Item No:** D3 Delegated to Committee  
**Subject:** **PUBLIC ART PANEL MINUTES - 3 AUGUST 2021**  
**Author:** Maria Lacey, Public Art Coordinator  
**Approvers:** Vicki Munro, Interim Manager Community & Culture  
Patricia Ocelli, Director Community & Customer Experience  
**File No:** 21/214949  
**Reason for Report:** To note the Minutes of the Public Art Panel meeting held on 3 August 2021

**Recommendation:**

THAT the Minutes of the Public Art Panel meeting on 3 August 2021 be noted.

---

**Background:**

This report outlines the details of the Public Art Panel Meeting held on 3 August 2021, with the Minutes of this meeting provided as Annexure 1.

**Key Public Art Panel business:**


Curator Holly Williams provided the Panel with a longlist of artists to consider for the artwork commission in Blackburn Gardens. The Public Art Panel discussed and scored possible artists according to suitability and shortlisted four artists to approach. The Panel decided to firstly approach the preferred artist that scored highest to discuss the artwork commission with that artist.

After approaching the preferred artist, the Panel received confirmation in mid-October, 2021 that the artist, due to other commitments will not be able to accept the commission. The Panel will now proceed with contacting the shortlisted artists with the Artist Brief and invite them to submit artwork proposals.

**Conclusion:**

The key outcome of the meeting was that the Panel discussed and shortlisted preferred artists to approach for the artwork commission in Blackburn Gardens, to be situated adjacent to the Woollahra Gallery at Redleaf.

**Annexures**

1. Public Art Panel Minutes - 3 August 2021 [↓](#) 



## Public Art Panel



# Minutes

Tuesday 3 August 2021

## Public Art Panel Minutes

Tuesday 3 August 2021

(No.0)

**Present: Councillors:** Isabelle Shapiro (Chair)

**Community  
Representatives:** Michael Brand  
Jillian Broadbent  
David Gonski

**Staff:** Maria Lacey (Public Art Coordinator)  
Craig Swift-McNair (General Manager)  
Patricia Occelli (Director Community & Customer Experience)  
Vicki Munro (Acting Manager Community & Culture)

**Others:**

**Meeting opened:** 4pm held using teleconferencing technology

Woollahra Municipal Council  
Public Art Panel Minutes

3 August 2021

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- 1. Opening**
- 2. Acknowledgement of Country**
- 3. Apologies**

The Mayor, Susan Wynne  
Scott Perkins

- 4. Declarations of Interest**

Nil

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- 5. Late Correspondence**

A draft Donations Information document was circulated to the Panel before the meeting for some comments and feedback from the Panel.

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- 6. Confirmation of Minutes**

## Confirmation of Minutes

**Item No:** 6.1  
**Subject:** MINUTES OF THE PUBLIC ART PANEL MEETING HELD ON 7 JULY 2021.  
**Author:** Maria Lacey, Public Art Coordinator

**(Broadbent/ Gonski)**

**Resolved:**

THAT the Minutes of the Public Art Panel held on 7 July 2021 be noted.

---

## 7. Items for Discussion Items for Discussion

**Item No:** 7.1  
**Subject:** SELECTION OF ARTIST SHORTLIST FOR THE BLACKBURN GARDENS ARTWORK COMMISSION  
**Author:** Maria Lacey, Public Art Coordinator

**Gonski/ Broadbent)**

**Resolved:**

- A. THAT the Panel reviewed and discussed the longlist of artists for the Blackburn Gardens artwork commission, prepared by the Curator Holly Williams, and scored their ten (10) preferred artists, creating a shortlist of four (4) artists that scored the highest.
- B. THAT the Panel:
- i) Approach the preferred artist that scored highest and offer the artwork commission to that artist;
  - ii) If the preferred artist is interested, a meeting with Michael Brand, David Gonski and Cr Susan Wynne to be organised with the artist for further discussions on the artwork commission;
  - iii) Contact and circulate the Artist Brief to the other three (3) shortlisted artists if the preferred artist is unavailable
- C. THAT the Panel reviewed and accepted the amended Curator's Statement and Thematic framework pages for the Artist Brief, noting that there may be some minor amendments to the Curator's Statement to align with shortlisted artists.
- D. THAT the Panel reviewed the draft Donations Information document, which was provided as a Late Correspondence to the Panel, and decided that the Donations document for prospective donors will need to have a stronger 'selling' focus.

Woollahra Municipal Council  
Public Art Panel Minutes

3 August 2021

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**8. General Business**

Nil

**9. Advisings**

Nil

**10. Next Meeting**

The next meeting will be scheduled at a later date.

---

There being no further business the meeting concluded at 4:40pm.

**Item No:** D4 Delegated to Committee

**Subject:** **MINUTES OF THE PROPERTY ASSETS WORKING PARTY MEETING HELD ON 21 OCTOBER 2021**

**Author:** Zubin Marolia, Manager - Property & Projects

**Approver:** Tom O'Hanlon, Director - Infrastructure & Sustainability

**File No:** 21/221989

**Reason for Report:** To adopt the recommendations of the Property Assets Working Party

**Recommendation:**

- A. THAT Council receive and note the minutes of the Property Assets Working Party meeting held on 21 October 2021.
- B. THAT Woolworths be advised that the proposal to expand the Direct To Boot facility from Kiaora Place rooftop carpark is not supported at this time and that owners consent will not be provided.

---

**Background:**

The Property Assets Working Party (PAWP) was established to:

- Oversee the development of strategies for the acquisition and development of property assets.
- Develop priorities for the acquisition and development of property assets.
- Consider proposals for asset rationalisation and development.
- Identify funding options for the acquisition and development of property assets.

Meeting of the Property Assets Working Party are held as and when required.

Membership of the PAWP consists of the Mayor and at least four Councillors, appointed by the Mayor, and staff.

The following Councillors are current members of the Working Party:

Mayor Susan Wynne – Chair  
Councillor Peter Cavanagh  
Councillor Mary-Lou Jarvis  
Councillor Megan McEwin  
Councillor Lucinda Regan  
Councillor Isabelle Shapiro.

**Proposal:**

The minutes of the Property Assets Working Party meeting held on 21 October 2021 are referred to the Finance, Community and Services Committee for adoption. The minutes are attached to this report.

At the meeting, the Working Party considered a report on a proposal from Woolworths seeking owners consent to submit a Development Application to operate a Direct to Boot (DTB) operation from the rooftop public car park within Kiaora Place, Double Bay.

The following issues associated with the proposal should be noted:

- Woolworths already utilise 3 DTB spaces that were implemented during Covid on the rooftop carpark. The Working Party noted there was insufficient information on how effectively these are being currently used to justify increasing the service and demonstrate demand outside of Covid.
- The proposal to increase the DTB spaces from 3 to 5 and the associated scope of the building works would result in the loss of 11 public parking spaces
- Parking is extremely valuable in this car park and across Double Bay. With the pending removal of parking in Knox Street, further loss of parking is not supported
- The Working Party would like to encourage people to stay and shop in Double Bay, not drive in and drive out
- The proposed fees nominated by Woolworths is not sufficient to offset the impact or is it competitive to marketplace costs
- Issues associated with noise impacts created by the facility location on the carpark roof and existing DA conditions

On the basis of these issues and the proposal's long term impacts on the operations of this busy car park and the neighbouring residents, the Working Party did not support the proposal and recommended against Council providing owners consent to Woolworths

### **Conclusion:**

That Council receive the Minutes of the Property Assets Working Party following the Working Party consideration of the report, and adopt the recommendation to not provide owners consent to Woolworths for the proposal.

### **Annexures**

1. Property Assets Working Party Minutes - 21 October 2021 [↓](#) 





# Property Assets Working Party



## Minutes

Thursday 21 October 2021

## Property Assets Working Party Minutes

Thursday 21 October 2021

- Present: Councillors:** The Mayor, Susan Wynne (Chair)  
Peter Cavanagh  
Mary-Lou Jarvis  
Megan McEwin  
Lucinda Regan  
Isabelle Shapiro
- Staff:** Craig Swift-McNair (General Manager)  
Tom O'Hanlon (Director Infrastructure & Sustainability)  
Zubin Marolia (Manager Property & Projects)  
Sue Meekin (Director Corporate Performance)  
Armodee Reece (Administration Officer)
- Others:** Nil
- Meeting opened:** 4.00pm held using teleconferencing technology

**1. Opening**

**2. Acknowledgement of Country**

**3. Apologies**

Nil

Staff apologies: Patricia Ocelli (Director Community & Customer Experience)

**4. Declarations of Interest**

Nil

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**5. Late Correspondence**

Nil

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**6. Items for Discussion**

## Items for Discussion

**Item No:** 7.1  
**Subject:** **WOOLWORTHS DIRECT TO BOOT PROPOSAL TO OPERATE FROM KIAORA PLACE ROOFTOP CAR PARK**  
**Author:** Zubin Marolia, Manager - Property & Projects  
**Recommendation:**

- A. That Woolworths be advised that Owners Consent to lodge the DA for the direct to boot (DTB) proposal is not granted.

---

**7. General Business**

**8. Advising**

**9. Next Meeting**

The next meeting will be scheduled as required.

---

There being no further business the meeting concluded at 4.35pm.

**Item No:** D5 Delegated to Committee

**Subject:** **CAPITAL WORKS PROGRAM - QUARTERLY PROGRESS REPORT SEPTEMBER 2021**

**Authors:** Petrina Duffy, Coordinator Strategy & Performance  
Henrietta McGilvray, Corporate Accountant

**Approvers:** Sue Meekin, Director Corporate Performance  
Tom O'Hanlon, Director - Infrastructure & Sustainability

**File No:** 21/217301

**Reason for Report:** To provide the Committee with an update on the status of projects in the 2021/22 Capital Works Program, for the quarter ended 30 September 2021.

**Recommendation:**

THAT the Capital Works Program – Quarterly Progress Report for the quarter ended 30 September 2021 be received and noted.

---

**Background:**

As part of Council's quarterly reporting under Council's Integrated Planning and Reporting Framework, this report is presented to the Finance, Community & Services Committee detailing the status of projects in the Capital Works Program.

Consistent with the approach adopted for progress reporting on the Priorities and Actions contained in Council's Delivery Program and Operational Plan, the Capital Works Program Status Report is presented by Theme, Goal, Strategy and Priority. Specific projects supporting the Priority are then listed in the table under the heading "Actions".

The Capital Works Program Status Report for the period ended 30 September 2021 is attached as **Annexure 1**. It includes, in the introductory pages, a snapshot of the Capital Works Program with a high level summary according to project status, budget, actual expenditure to date and budget Remaining, statistics and charts. Capital Works actions with rollover budgets have been consolidated with 2021/22 budgets, to streamline financial reporting. This is an administrative change to reduce the amount of active Project (PR) numbers in the system and does not represent any increases or decreases in total funding.

Any projects over expended at 30 September, those with a negative in the Budget remaining column, have been addressed in the September quarterly budget review which also appears on tonight's agenda.

**Conclusion:**

It is recommended the September 2021 Quarterly Capital Works Program Progress Report be received and noted.

**Annexures**

1. Capital Works Report - Quarter 1 July - September 2021/22 [↓](#) 



**CAPITAL WORKS PROGRAM**  
**QUARTERLY PROGRESS REPORT**  
**JULY - SEPTEMBER 2021/22**



Finance, Community  
& Services Committee  
8 November 2021

Item - Annexure 1

# Introduction

## What is our Delivery Program & Operational Plan?

The Delivery Program 2018 to 2022 and Operational Plan 2021/22 is structured on the Community Strategic Plan – Themes and Goals. Each broad theme is supported by a number of Goals, Strategies, Priorities and Actions.

Progress reports for each of the five (5) Themes and eleven (11) Goals from our Delivery Program and Operational Plan are reported on a biannual basis,

The Priorities and Actions contained in the Delivery Program and Operational Plan are presented by Theme, Goal and Strategy.

In addition a Capital Works Program report is presented quarterly to the Finance, Community & Services Committee.

## What is the Capital Works Program – Quarterly Progress Report?

This report provides progress comments against each project in the Capital Works Program. It is designed to provide a snapshot to the Council and the community on the progress against the Capital Works Program as adopted in the Delivery Program 2018 to 2022 and Operational Plan 2021/22.

## Capital Works Program Quarterly Progress Report Statistics to end of September 2021

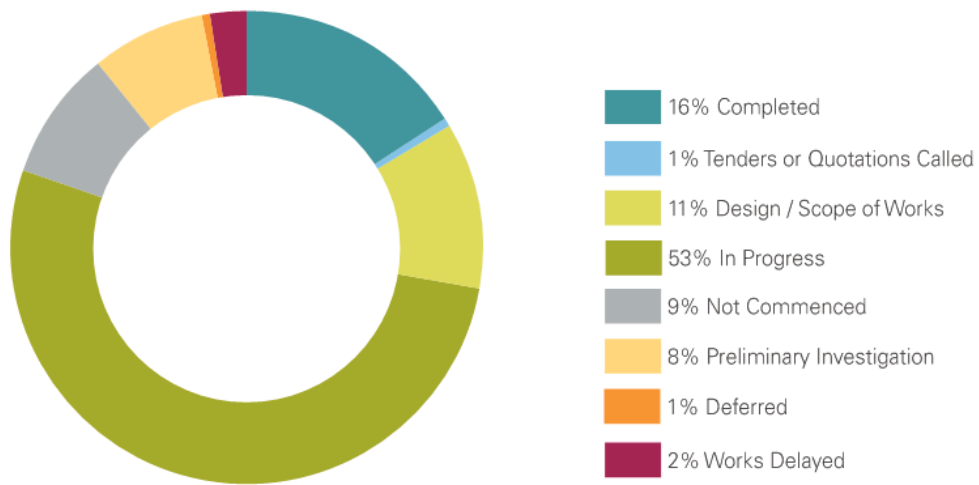
The Capital Works Program delivers actions which support the community priorities identified in our Community Strategic Plan, *Woollahra 2030*. This Capital Works Program progress report lists its project Actions under the theme it supports

- Goal 5: Liveable places,
- Goal 6: Getting around,
- Goal 7: Protecting our environment,
- Goal 8: Sustainable use of resources,
- Goal 9: Community focused economic development,
- Goal 11: A well managed Council.

The following table provides a snapshot of the status of the progress of all Actions as at 30 September 2021.

# Capital Works Actions

As at 30 September 2021



Status	Current Quarter		Budget (\$)	YTD Expenditure (\$)	Budget Remaining (\$)"
	# of Projects	%			
Completed	27	16	1,723,241	1,706,967	16,274
Deferred	1	1	55,000	0	55,000
Design/Scope of Works	19	11	3,333,853	1,028,512	2,305,341
In Progress	89	53	19,796,703	6,871,151	12,925,552
Not commenced	15	9	954,323	56,623	897,700
Preliminary Investigation	13	8	777,597	2,680	774,917
Tenders or Quotations Called	1	1	297,633	212,572	85,061
Works Delayed	4	2	1,045,547	36,889	1,008,658
<b>TOTAL</b>	<b>169</b>	<b>101</b>	<b>27,983,897</b>	<b>9,915,394</b>	<b>18,068,503</b>



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## Goal 5: Liveable places

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 5.1: Enhance local community, cultural and recreation facilities to become more attractive, integrated, and accessible.</b>							
<b>Priority 5.1.3: Implement a prioritised program of capital improvements to community and recreation facilities.</b>							
5.1.3.1 Playgrounds - Replace Existing (00782)	In Progress	The renewal of Plumb Reserve Playground is progressing. It is scheduled to open in late November 2021.	Yes	Completed	411,778	326,236	85,542
5.1.3.2 Rose Bay Toilet - New toilet block in Rose Bay (01360)	In Progress	Works are 50% complete, subject to sewer connection requirements, works are expected to be completed in mid-November. Additional funds requested in the September budget review due to the additional works for sewer connection.	Yes	Completed	235,652	286,067	-50,415
5.1.3.3 Fletcher St Depot - Waterproof membrane to external wall (01689)	Preliminary Investigation	Scope of works being prepared.	Yes	Completed	30,000	0	30,000
5.1.3.4 Fletcher St Depot - Replace sewer line between depot and road (01690)	Preliminary Investigation	Scope of works being prepared.	Yes	Completed	30,000	0	30,000
5.1.3.5 Redleaf - replacement of fan motors & attenuators (01627)	Not Commenced	Quotations being obtained.	Yes	Completed	44,952	0	44,952
5.1.3.6 Redleaf - replace air handling units (01628)	Not Commenced	Scope of works being prepared.	Yes	Completed	50,000	0	50,000
5.1.3.7 Property management system (01629)	In Progress	Tenders received and being evaluated in Q2.	Yes	Completed	90,380	0	90,380
5.1.3.8 St Brigids (01371)	Completed	Building works are substantially completed. Certification from consultants being obtained in order to obtain Occupation Certificate. Formal opening scheduled for 3rd and 4th November 2021.	Yes	Completed	872,196	990,575	-118,379

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.1.3.9 Sir David Martin Reserve- Cottage (01545)	In Progress	Works completed - Awaiting final inspection.	Yes	Completed	46,620	39,946	6,674
5.1.3.10 Disabled access (01630)	Not Commenced	Awaiting outcome of grant funding for Trumper Park Tennis Centre to determine allocation of these funds to either Tennis Centre or another location.	Yes	Completed	50,000	0	50,000
5.1.3.11 Hugh Latimer Centre - Roofing & Guttering (01631)	Not Commenced	Contract has been awarded. Works to commence in school holidays.	Yes	Completed	50,000	41,620	8,380
5.1.3.12 Keyless entry system for 2 hired venues - Cooper Park Hall & Rose Bay Cottage (01632)	In Progress	Works to be completed in October.	Yes	Completed	20,000	15,874	4,126
5.1.3.13 Community Hall - Internal & external upgrades (01633)	Design/Scope of Works	Project is awaiting DA approval to proceed. Additional testing of ground contamination has been requested and is underway.	Yes	Completed	541,020	35,619	505,401
5.1.3.14 Woollahra Preschool - Replace vinyl floor coverings (01692)	Preliminary Investigation	Works will be undertaken during school holidays.	Yes	Completed	5,000	0	5,000
5.1.3.15 Woollahra Preschool - Internal painting (01693)	Preliminary Investigation	Works will be undertaken during school holidays.	Yes	Completed	25,000	0	25,000
5.1.3.16 Gaden Reserve - Replace floor coverings (01694)	Preliminary Investigation	Gaden Reserve very busy due to COVID relief works - working with operator to reschedule based on changes to activities as we come out of lockdown - rescheduled to Q3 or Q4.	Yes	Completed	20,000.00	0	20,000
5.1.3.17 McKell Park (Canonbury Cottage) - Install awning over paving (01695)	Preliminary Investigation	Scope of works to be prepared.	Yes	Completed	25,000	0	25,000

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\*\*Actual Expenditure to end of quarter, including commitments.

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WOOLLAHRA MUNICIPAL COUNCIL  
Capital Works Report Q1 Jul-Sep 2021

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.1.3.18 E J Ward Centre - Carpet replacement (01696)	In Progress	Works to be completed in October.	Yes	Completed	10,000	4,641	5,359
5.1.3.19 Cross St Community Centre - Replace carpet (01697)	In Progress	Quotations being evaluated - works to be undertaken Q2.	Yes	Completed	10,000	0	10,000
5.1.3.20 Bay Room - Replace floor coverings (01698)	In Progress	Works to be completed in October.	Yes	Completed	25,000	5,996	19,004
5.1.3.21 Sir David Martin Reserve - Drill Hall-Decking and Roof Replacement (01699)	Not Commenced	Oil decking works are disruptive and will be undertaken when the Hall is closed during Xmas/NYE. Roof inspection is yet to be undertaken to review scope of works.	Yes	Completed	35,000	0	35,000
5.1.3.22 E J Ward Centre (01367)	Completed	Contract security monies withheld till the end of the contract were mistakenly returned back to property reserves in FY2020/21. As these will be required to be release to the contractor, a budget variation has been submitted in the Sept budget review.	Yes	Completed	0	10,207	-10,207
5.1.3.23 Preschool expansion (01446)	Completed	Contract security monies withheld till the end of the contract were mistakenly returned back to property reserves in FY2020/21. As these will be required to be release to the contractor, a budget variation has been submitted in the Sept budget review.	Yes	Completed	0	16,243	-16,243
5.1.3.24 Sherbrooke Hall (01547)	Completed	Contract security monies withheld till the end of the contract were mistakenly returned back to property reserves in FY2020/21. As these will be required to be release to the contractor, a budget variation has been submitted in the Sept budget review.	Yes	Completed	0	4,853	-4,853
<b>TOTAL:</b>					<b>\$2,627,598</b>	<b>\$1,777,877</b>	<b>\$849,721</b>

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
<b>Strategy 5.3: Provide attractive, accessible, connected and safe parks, sportsgrounds, foreshore areas and other public spaces.</b>							
<b>Priority 5.3.2: Implement a prioritised program of capital improvements to public open spaces.</b>							
5.3.2.1 Project Management (00054)	In Progress	This cost centre has been used for consultancy fees on some initial investigation works on various projects identified for the FY2021/22 financial year.	Yes	Completed	50,000	3,720	46,280
5.3.2.2 Park & Street Tree Planting (LGA wide) (00443)	In Progress	During this quarter 75 trees have been planted. The trees have been of an advanced nature and include a maintenance program to ensure good early growth. The Greening Our City grant programme has assisted us in achieving this.	Yes	Completed	150,000	127,756	22,244
5.3.2.3 Park furniture roll-out (LGA-wide) (00450) and (01472)	In Progress	Park furniture upgrades are progressing with new park bench seats and bubblers installed across the municipality.	Yes	Completed	150,000	63,746	86,254
5.3.2.4 Park Lighting Upgrades (00667)	Preliminary Investigation	A design for low level park lighting is currently being prepared for Royal Hospital for Women Park. Once complete, community consultation will be undertaken.	Yes	Completed	76,000	2,680	73,320
5.3.2.5 Park Signage - New and Replace (00777)	In Progress	Park signage throughout the LGA continues to be renewed. Redleaf wayfinding signage in conjunction with the Art Gallery to be installed in Q2.	Yes	Completed	160,288	106,452	53,836
5.3.2.6 Gap Park Self Harm Minimisation-Action from Masterplan (01083)	In Progress	The installation of a new pole and camera on NPWS land is complete and operational which provides further CCTV coverage of the cliff line. All other works are complete. The budget will be amended when the final grant payment is received.	Yes	Completed	35,399	39,467	-4,068
5.3.2.7 Major Sports Surface Renovations (01482)	In Progress	Funds have been used to undertake repairs for Rushcutters Bay Park bore. Additional funds are being transferred to this Project in the next budget review for anticipated additional works on its repair.	Yes	Completed	0	5,594	-5,594

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\*\*Actual Expenditure to end of quarter, including commitments.

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WOOLLAHRA MUNICIPAL COUNCIL  
Capital Works Report Q1 Jul-Sep 2021

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.8 Rushcutters Bay Park Youth Facility (01190)	In Progress	GML Heritage have provided the final draft of the Conservation Management Strategy for the site. The Heritage Impact Statement (HIS) has reviewed the proposed concept design. GML Heritage requested additional 3D Imaging of the proposed facility to be undertaken which have now been finalised and issued back to the consultant to prepare the HIS. Staff are now working with the Consultant on recommended refinements to the design.	Yes	In Progress	1,180,398	38,493	1,141,905
5.3.2.9 Sunshine Wattle Population Protection (01287)	In Progress	This is a yearly grant and relates to Cooper Park. The planting and maintenance have been awarded to Total Earth Care. The overspend in the budget will be amended once we receive the next instalment of the grant.	Yes	Completed	5,548	9,947	-4,399
5.3.2.10 Redleaf Plan of Management - Retaining wall works (01336)	In Progress	The design of the Redleaf Beach retaining wall is complete. RFQ for the works has commenced. Construction work will be held back until the end of the Summer Season to minimise impact on park users.	Yes	Completed	127,400	9,727	117,673
5.3.2.11 Fencing Upgrade – Various Sites (01338)	In Progress	Fencing improvements have been made at Cooks Paddock. The remaining budget to be allocated to fencing renewals including Plumb Reserve and Dillon Street Reserve.	Yes	Completed	173,923	44,435	129,488
5.3.2.12 Sayonara Slipway Improvements (01340)	Preliminary Investigation	GML Heritage have provided the final draft of the Conservation Management Strategy for the site. A Heritage Impact Statement (HIS) for the Sayonara Slipway Improvements is to be developed.	Yes	In Progress	150,000	0	150,000
5.3.2.13 Cooks Paddock Upgrade - Retaining Walls and play features (01395)	In Progress	The playground renewal at Cooks Paddock is complete. Landscape improvements including turf replacement and garden improvements will continue in October and November. Over-expenditure on this project will be funded from under-expenditure on other projects.	Yes	Completed	35,157	36,480	-1,323

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.14 Yarranabbe Park - Northern Plaza and stairs construction (01399)	In Progress	GML Heritage have provided the final draft of the Conservation Management Strategy for the site. A Heritage Impact Statement (HIS) for the Northern Plaza Stairs is to be developed.	Yes	In Progress	400,000	0	400,000
5.3.2.15 Gap Park Tram Alignment Pathway construction (01468)	In Progress	The Gap Park Tramway Pathway is complete and has received positive feedback from the community. Interpretative signage is currently being designed for installation in Q3.	Yes	Completed	333,939	330,971	2,968
5.3.2.16 Dillon Street Reserve Landscape Upgrade (01476)	In Progress	The construction of Dillon Street playground is nearing completion. The landscaping, play equipment and fencing is installed. The opening of the playground is scheduled for November 2021. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.	Yes	Completed	327,189	332,850	-5,661
5.3.2.17 Cooper Park Rehabilitation (01611)	Completed	Remaining budget to be allocated to Project 01614 (Cooper Park Creek Wall - Final stage of creek wall along Tennis Courts).	Yes	Completed	36,590	193	36,397
5.3.2.18 Cooper Park Creek Wall - Final stage of creek wall along Tennis Courts (01614)	In Progress	Total Earth Care have been awarded the contract to undertake renewal of the last stage of the Cooper Creek wall and sediment removal. Construction works to commence in October. The remaining budget from Project 01611 (Cooper Park Rehabilitation) to be transferred to this budget to complete works.	Yes	Completed	77,041	99,050	-22,009
5.3.2.19 Irrigation Renewal at Parsley Bay, Chiswick Gardens (01612)	In Progress	Irrigation renewal continues to be installed. To be completed in Q3.	Yes	Completed	19,271	16,706	2,565
5.3.2.20 Nursery Improvements - For volunteer works (01613)	Completed	Project complete. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.	Yes	Completed	0	3,153	-3,153

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.21 Vaucluse War Memorial - Upgrade structures (01616)	In Progress	The restoration works to the Vaucluse War Memorial flagpole have been awarded and will be undertaken in Q2. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.	Yes	Completed	33,880	45,876	-11,996
5.3.2.22 Rose Bay Activation – New South Head Road (01617)	In Progress	A prototype of the seat has been constructed and viewed. The fabricator is now undertaking some final improvements to the design and planting pots. A planting design is being undertaken. At time of writing, staff are seeking confirmation of installation date. Additional funds will be allocated to this from Project 01682 (New/additional street planter boxes in business centres throughout LGA).	Yes	Completed	141,985	161,075	-19,090
5.3.2.23 New/additional street planter boxes in business centres throughout LGA - Funded by Australian Government Grant (LRCIP) as per Council resolution (01682)	Preliminary Investigation	Investigation into additional street planters is underway. A portion of this budget will be utilised for plantings in the Rose Bay Business Centre in conjunction with Project 01682 (Rose Bay Activation - New South Head Road).	Yes	Completed	150,000	0	150,000
5.3.2.24 Multi-use sports facilities construction (01672)	Design/Scope of Works	The results of the geo-technical investigation have been received for the proposed site at Lough Playing Fields. Due to the presence of uncontrolled fill, the design of the facility has had to change which will increase the cost of the project. An application has been submitted to NSW Office of Sport to obtain additional funding for the project.	Yes	In Progress	308,000	0	308,000
5.3.2.25 Eastbourne Reserve upgrade - Retaining wall replacement and landscaping (01673)	Completed	Works on the renewal of the retaining wall at Eastbourne Reserve is complete. At the time of detailed design a more cost effective solution was proposed which reduced the scope of works. Budget savings will be reallocated to fund over expenditure on other projects.	Yes	Completed	136,000	21,535	114,465

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\*\*Actual Expenditure to end of quarter, including commitments.



Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.26 Bellevue Park extension of pathway and landscaping - Bellevue Park Stage 2 Design & Consultation. Construction to be funded in future budgets (01674)	Design/Scope of Works	A scope of works for the design of the 2nd stage of pathway in Bellevue Park has commenced. Detailed design and costings will be undertaken for inclusion in the 22/23 Capital Works budget deliberations.	Yes	Completed	35,000	0	35,000
5.3.2.27 Tingira Reserve Landscape upgrades - Pathway renewal, irrigation and landscaping improvements (01675)	Design/Scope of Works	A scope of works is currently being developed for improvements to Tingira Memorial Reserve.	Yes	Completed	100,000	7,830	92,170
5.3.2.28 Lyne Park Landscape Upgrade - Improved entry garden beds to Lyne Park off New South Head Rd (01676)	Design/Scope of Works	A scope of works is currently being undertaken with reference to the submissions received as part of the development of the draft Lyne Park POM.	Yes	Completed	50,000	0	50,000
5.3.2.29 Landscape improvements - Moncur Reserve, Plumb Reserve and Raoul Wallenburg Reserve (01677)	In Progress	Irrigation improvements have commenced for Plumb Reserve. Historical assessments have also been undertaken for improvement works to Raoul Wallenburg Reserve.	Yes	Completed	100,000	41,384	58,616
5.3.2.30 Trumper Park Pathway renewal - Pathway renewal from the Trumper Park Tennis Courts to Edgecliff Train Station (Bowes Avenue) (01678)	In Progress	Detailed design works are underway for the enhanced pathways through and leading to Trumper Park via Quarry Street. A successful grant for \$192K from Metropolitan Greenspace will also be added to this project.	Yes	Completed	192,000	129	191,871

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.31 Chester St Embankment landscaping - Revegetation and landscaping of embankment at Chester St, Woollahra (01679)	In Progress	A landscape design for this embankment has been produced and notification with residents underway. The planting and maintenance will commence in November 2021.	Yes	Completed	56,000	43,735	12,265
5.3.2.32 Parsley Bay cliff columns - Replacement and repair of existing supporting columns located under the western side of Parsley Bay rock shelves (01680)	Design/Scope of Works	A design for the rectification of the columns in Parsley Bay is complete. Due to the Aboriginal significance of the shelters, consultation is underway with Coast History and Heritage to provide the next steps in progressing the works.	Yes	Completed	101,800	1,000	100,800
5.3.2.33 Figtree Reserve landscaping - Landscaping works due to flood damage to Figtree Reserve overlooking Cooper Park (01681)	Design/Scope of Works	A design for the rectification works is underway as well as geotechnical assessments. Works will commence in Q3.	Yes	Completed	186,000	11,736	174,264
5.3.2.34 Softfall Renewal - various sites identified in Assets register (01086)	In Progress	Softfall renewal at Plumb Reserve and Dillon Street Reserve has commenced. Further renewal sites are identified for the 3rd and 4th quarters.	Yes	Completed	172,436	106,754	65,682
5.3.2.35 Fitness Station Renewal - Various upgrades (01619)	Completed	The fitness station renewal at Christison Park is complete and has been well received by the community.	Yes	Completed	76,553	76,553	0
5.3.2.36 Christison Park sportsground irrigation - implement stage 2 of the upgrade (01402)	Works Delayed	The Stage 2 upgrade requires an above ground tank to be situated near the grandstand and may receive some community interest. With this in mind the project is on hold until the review of the Plan of Management has been undertaken.	Yes	In Progress	38,590	0	38,590

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.37 Trumper Park Sightscreens (01618)	In Progress	The Trumper Park sightscreens are currently being renewed and improved. To be completed in November 2021.	Yes	Completed	59,113	27,408	31,705
5.3.2.38 Synthetic Cricket wicket upgrades - Replacement of synthetic surface on Rushcutters Bay Park and Lough Playing Fields cricket pitches (01683)	Design/Scope of Works	Undertaking investigation on the scope of works and locations.	Yes	Completed	30,000	0	30,000
5.3.2.39 Croquet Club - External painting & repairs (01622)	Completed	Works completed. Awaiting final inspection. Additional works to the front porch were required in accordance with Heritage advice. Additional funds to be allocated from Property Reserves.	Yes	Completed	32,496	44,183	-11,687
5.3.2.40 Sir David Martin Reserve Toilets - Refurbish toilets (01624)	In Progress	Primary works complete and toilets are open. Some roof guttering works still pending completion.	Yes	Completed	61,489	62,054	-565
5.3.2.41 Lyne Park Amenities & Toilets - Upgrade change rooms (01686)	Not Commenced	Scope of works to be prepared.	Yes	Completed	30,000	0	30,000
5.3.2.42 Lough Field Amenities - Roof, gutters & downpipes (01687)	Not Commenced	Scope of works to be prepared.	Yes	Completed	30,000	0	30,000
5.3.2.43 Trumper Park Grandstand & Amenities - Re-tile showers and toilet areas in change rooms (01688)	In Progress	Quotations being evaluated.	Yes	Completed	50,000	0	50,000

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.3.2.44 Synthetic Sportsfield (01085)	Completed	Overspend due to final invoice from Q4 FY2020/21. Over-expenditure on this project will be funded from under-expenditure on other projects.	Yes	Completed	0	909	-909
<b>TOTAL:</b>					<b>\$5,659,485</b>	<b>\$1,923,582</b>	<b>\$3,735,903</b>
<b>Priority 5.3.3: Continue improvement program for horticultural sites in business centres.</b>							
5.3.3.1 Double Bay Commercial Centre - Double Bay Lanterns (01645) and (01481)	Works Delayed	Discussions are continuing with Ausgrid to enable installation of new lanterns without the need for major trenching in the Double Bay business centre. There is a risk that if the agreement is not achieved with Ausgrid, the project will require significantly increased funding. Discussion to be concluded in Q2.	Yes	In Progress	372,437	21,500	350,937
<b>TOTAL:</b>					<b>\$5,372,437</b>	<b>\$21,500</b>	<b>\$350,37</b>
<b>Strategy 5.6: Reduce impacts of local flooding and improve floodplain risk management.</b>							
<b>Priority 5.6.1: Develop &amp; implement a five year capital renewal program for stormwater drainage infrastructure and Environmental Works Program for water quality improvements.</b>							
5.6.1.1 Inlet Capacity Increase - Multiple jobs to improve stormwater capacity (01466) and to identify and rectify small Stormwater system works (01492)	In Progress	The Inlet Capacity Increase project and Stormwater Small Works Project are carried out concurrently and are on-going projects which involve improving/constructing stormwater kerb inlets or systems to improve overall stormwater capacity. Various inlet capacity and stormwater upgrades are planned for FY2021/22 and include Dudley Road, Rose Bay and pit works in Figtree Lane, Woollahra.	Yes	Completed	256,000	194,236	61,764
5.6.1.2 Watsons Bay Flood Mitigation Project (01409)	In Progress	This project incorporates road and stormwater upgrades to reduce flooding in the Watsons Bay catchment. It is proposed to lower the eastern side of Cliff Street to increase the drainage capacity of the road, replace the existing concrete channel with a rock-lined, landscaped swale and additional stormwater pipes and pits. Additional funding is required to progress the project and this will be addressed as part of the quarterly budget review, as grant funding for a number of traffic projects has been obtained and savings will be partially used to fund this project.	Yes	Completed	177,845	1,532	176,313

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.6.1.3 Condition assessment for the stormwater network by using CCTV inspection (01493) and (00820)	In Progress	Community consultation will occur in Q2 prior to procurement and construction stage.  This is an on-going project and involves undertaking CCTV inspections of Council's stormwater network in known problem areas or in critical locations to assess the condition of pipes across the LGA. Any defects identified are recorded and repair works are prioritised. This data is considered when developing Council's future capital and maintenance drainage budgets and is incorporated in Council's Asset and Defects Register.  CCTV of stormwater systems have been undertaken in Mona Lane, Darling Point, Edgecliff Road; Dudley Street, Vaucluse; Fern Place, Woollahra; and Fletcher Street, Woollahra.	Yes	Completed	60,887	54,192	6,695
5.6.1.4 Rivers Street at Victoria Road Bellevue Hill - Pipe system extension (01575)	Completed	Project complete. Remaining budget on this project will be used to fund over-expenditure on other projects.	Yes	Completed	26,808	21,705	5,103
5.6.1.5 Bunyula Road Bellevue Hill - New Pipe installation from O'Sullivan Road up (01576)	In Progress	Project practically completed in FY2020/21. Remaining budget on this project will be used to undertake a CCTV assessment of the pipe.	Yes	Completed	7,216	0	7,216
5.6.1.6 Caledonia Road Rose Bay - Stormwater Outfall Upgrade on Rose Bay Beach (Design and Construct) (01661)	In Progress	Project is in detailed design phase. Once the designs are complete, community and stakeholder consultation will occur prior to procurement and construction.	Yes	In Progress	400,000	69,540	330,460
5.6.1.7 Kiaora Road cnr Forest Road Double Bay - Stormwater improvement works (01662)	In Progress	Project involves augmenting two stormwater pits to improve stormwater drainage. The project is in procurement stage.	Yes	Completed	75,000	462	74,538

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.6.1.8 Pringle Place at Bellevue Garden Bellevue Hill - New stormwater pipe connection from Pringle Place to Bellevue Gardens (Construction) (01663)	In Progress	Project is in investigation and detailed design phase. Once the designs are complete, community consultation will occur prior to procurement and construction.	Yes	Completed	55,000	0	55,000
5.6.1.9 Stormwater Harvesting (00162) and (01484)	Not Commenced	Monitoring equipment has been installed at Christison Park to determine the natural flow of water around the grandstand area. Installation of an additional tank to expand stormwater harvesting capacity at Christison Park is on hold pending completion of the Plan of Management (POM). The POM is currently on public exhibition.	Yes	In Progress	350,729	509	350,220
<b>TOTAL:</b>					<b>\$1,409,485</b>	<b>\$342,175</b>	<b>\$1,067,310</b>

**Strategy 5.7: Renew and upgrade ageing infrastructure including roads, footpaths, stormwater drains and seawalls.**

**Priority 5.7.2: Implement the Infrastructure Capital Works Programs for renewal for all classes of public infrastructure.**

5.7.2.1 Plan and control the E&IR Program (00163)	In Progress	The project is ongoing and used to investigate, plan and design Council's Environmental & Infrastructure Renewal Program.	Yes	Completed	44,135	5,615	38,520
5.7.2.2 Russell Street Vaucluse, b/w Old South Head Road and Palmerston Street - Infrastructure Renewal Works (design, kerb & gutter, 40% of the footpath reconstruction, pavement reconstruction, reduction in camber, construction of 100m stormwater pipe) (01425)	In Progress	Construction is scheduled to commence in January 2022.	Yes	Completed	445,170	31,216	413,954
5.7.2.3 Forward Design on Forward Program (01496)	In Progress	Project is ongoing and involves preparing designs for future capital works projects. Design consultants have been engaged to develop future capital works program designs work planned for FY2022/2023.	Yes	Completed	55,422	37,230	18,192

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.7.2.4 George Street Paddington b/w Underwood Street and Oxford Street - Kerb & gutter; road pavement, footpath and Stormwater system upgrade works (01512)	Works Delayed	George Street, which is the upstream component of the stormwater line, is in design phase. An application for grant funding has been made to DPIE, and the project is on hold until the grant funding is advised in November 2021. Community notification will occur prior to the works commencing.	Yes	Completed	619,836	572	619,264
5.7.2.5 Hampden Street Royston Lane to Royston Road Paddington – Road pavement and footpath renewal works (01513)	In Progress	Designs complete. Project will be carried out in stages to ensure that the works are in coordination with Sydney Water main trunk line works. Works in Soudan Lane are now complete and the Hampden Street works will be scheduled in February 2022 in consultation and collaboration with Sydney Water. Community notification will occur prior to construction.	Yes	Completed	411,542	99,542	312,000
5.7.2.6 Retaining Wall Improvement Works - retaining walls and safety rails (01523)	In Progress	This project involves retaining wall and fences improvement works across the municipality. Projects for the FY2021/22, include retaining wall improvements in Wyuna Road, Point Piper (fence), Kambala Steps (handrail/ guard rail), 129 O'Sullivan Road, Bellevue Hill (handrail/guard rail), 22 Latimer Road, Bellevue Hill (handrail/guard rail), 18 Burrabirra Avenue, Vaucluse (handrail/guard rail), stairs maintenance between Upper and Lower Harris Street Reserve, Paddington stairs and fence reconstruction in Bradley Avenue Reserve, Bellevue Hill and 36 Fitzwilliam Street, Vaucluse (complete).	Yes	Completed	203,663	6,881	196,782
5.7.2.7 Rose Bay Promenade Seawall – Conservation/Rehabilitation (01525)	In Progress	Council has received an Issues Paper on the Rose Bay Promenade Seawall providing Council with a direction to undertake maintenance works on a State Heritage Item. Council staff have been liaising with NSW Heritage and Council's Heritage Staff to obtain heritage approval. Once approval is obtained, an on-going program of works will be developed to be undertaken in stages.	Yes	Completed	88,119	16,402	71,717
5.7.2.8 Minor Capital Road Works -Minor Road& Footpath Works All Wards (01526)	In Progress	This project involves minor road work improvements across the municipality.  Minor road work improvements planned for FY2021/22 include works at: Wolseley Road, Point Piper; 59-61	Yes	Completed	186,943	22,371	164,572

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
		Wolseley Road, Point Piper; Hargrave Street, cnr Cascade St, Paddington; Darling Point Road, cnr St Marks Road, Darling Point; Loftus Road cnr Annandale Street, Darling Point, Spencer Lane at Hamilton Road, Rose Bay; Glenmore Road, Paddington; Boundary Street cnr Campbell Avenue, Paddington; Galbraith Walkway in Double Bay; Edgecliff Road near Wellington Street, Woollahra; Pacific Street, Watson Bay; Latimer Road, cnr of O'Sullivan Road, Rose Bay, the Watsons bay bus terminus and 224-230 Edgecliff Road, Woollahra.					
5.7.2.9 Balfour Road Bellevue Hill 60 Balfour Road to Balfour Lane - Road Pavement, Kerb & Gutter Reconstruction and Stormwater upgrade (01579)	In Progress	Project is in design stage. Construction scheduled for Q3.	Yes	Completed	209,246	27,590	181,656
5.7.2.10 Cooper Park Road btw Streatfield Road and 27 Cooper Park Road - Road Pavement and Kerb & Gutter Reconstruction (01580)	In Progress	Project is in construction stage and is due for completion by the end of the year.	Yes	Completed	92,839	92,918	-79
5.7.2.11 Boronia Road Bellevue Hill btw 67 and 35 Boronia Road - Road Pavement and Kerb & Gutter Reconstruction as needed (01582)	In Progress	Project is in procurement phase and is due to commence in October 2021.	Yes	Completed	301,056	173,041	128,015
5.7.2.12 Fullerton Street Woollahra btw Wellington Street and Trelawney Street - Road Pavement Kerb & Gutter and Footpath Reconstruction (01585)	In Progress	Civil works complete. Road re-sheeting expected to be completed by December. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.		Completed	76,220	86,669	-10,449

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\*\*Actual Expenditure to end of quarter, including commitments.



Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.7.2.13 Court Road Double Bay btw Manning Road and Kiaora Road - Road Pavement and Kerb & Gutter Reconstruction as needed (01586)	Completed	Project complete. Budget under-expenditure will be reallocated to fund over-expenditure on other projects.	Yes	Completed	418,481	382,410	36,072
5.7.2.14 Glendon Road Double Bay btw Carlotta Road to the End - Road Pavement Kerb & Gutter Reconstruction and Stormwater upgrade (01588)	In Progress	Project is in procurement phase and is due to commence in Q2.	Yes	Completed	180,024	151,779	28,245
5.7.2.15 Ocean Avenue Double Bay btw Holt Street and New South Head Road - Road Pavement Kerb & Gutter and Footpath Reconstruction (01589)	Completed	Project complete. Over-expenditure on this project will be funded from under-expenditure on other projects.	Yes	Completed	0	1,740	-1,740
5.7.2.16 Rawson Road Rose Bay btw New South Head Road and the End - Road Pavement Footpath and Kerb & Gutter Reconstruction as needed (01601)	In Progress	Construction is underway and is due for completion in Q2. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.	Yes	Completed	224,247	228,169	-3,922
5.7.2.17 The Crescent Vaucluse btw Hopetoun Avenue and Hopetoun Avenue - Road Pavement Footpath and Kerb & Gutter Reconstruction including Stormwater System Upgrade (01602)	In Progress	Project procurement stage and stormwater works are scheduled to commence in October 2021. Project will be completed in Q3.	Yes	Completed	151,493	123,728	27,765

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\*\*Actual Expenditure to end of quarter, including commitments.

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WOOLLAHRA MUNICIPAL COUNCIL  
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Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.7.2.18 Sutherland Avenue Paddington btw Royston Street and Cecil Street- Road Pavement Re-sheeting (01604)	In Progress	Project on hold pending Sydney Water's stormwater improvement works being completed. Council's Engineers are in discussion with Sydney Water to ensure works are undertaken in a coordinated manner. For the road pavement re-sheeting component of this project, Reconophalt asphalt will be used.	Yes	Completed	28,047	0	28,047
5.7.2.19 Parsley Bay Wharf rehabilitation and improvement works (01607)	In Progress	Project is in investigation and design stage. Project is for design works only which will be used to seek grant funding in the future to deliver the project.	Yes	Completed	36,851	12,000	24,851
5.7.2.20 Road Reserve Slope Stabilisation at 81-89 Wolseley Road, Point Piper (01644)	Completed	Project complete. Over-expenditure on this project will be funded from under-expenditure on other projects in the next quarterly budget review.	Yes	Completed	77,180	81,829	-4,649
5.7.2.21 Reconophelt - Accelerated program of road re-sheeting (01646)	In Progress	Project incorporates re-sheeting works in The Crescent and is currently in procurement phase.	Yes	Completed	279,191	229,346	49,845
5.7.2.22 Cranbrook Lane - Stairs Reconstruction (01666)	In Progress	Project is in design phase. Once the designs are complete, community engagement will occur prior to procurement and construction.	Yes	Completed	155,000	0	155,000
5.7.2.23 Johnstons Lookout, Vaucluse, Hopetoun Ave to 63A New South Head Rd - New footpath construction from Hopetoun Ave to Bus shelter at Johnston Look out, Footpath and kerb and gutter reconstruction at Hopetoun Ave and New South Head Rd, Handrail from Hopetoun Ave to NSH Rd (01667)	In Progress	Project is at procurement stage and scheduled to be completed in Q2.	Yes	Completed	225,000	15,335	209,665

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.7.2.24 Bates Avenue - Stairs Reconstruction (01668)	In Progress	Project is in design stage and community engagement and notification will occur prior to construction.	Yes	Completed	100,000	0	100,000
5.7.2.25 Ocean Street, Woollahra, Peaker Lane to Forth Street - Road Pavement re-sheeting, asphalt footpath and gutter reconstruction (01669)	In Progress	Project is in procurement phase and works are due to commence in Q2.	Yes	Completed	204,000	57,137	146,863
5.7.2.26 O'Sullivan Road btw Old South Head Road and 259 O'Sullivan Rd - Road pavement re-sheeting, footpath and gutter reconstruction (01670)	In Progress	Project is in design phase. Once the designs are complete, community engagement will occur prior to procurement and construction.	Yes	Completed	320,000	8,240	311,760
5.7.2.27 Old South Head Road, Salisbury Road to Robertson Pl - Pavement re-sheeting and reconstruction of footpath (01671)	In Progress	Project is in procurement phase and works are due to commence in Q2.	Yes	Completed	209,000	50,285	158,715
5.7.2.28 6 Pringle Place - Stabilisation of a Council owned rock face as detailed in GHD geotechnical risk report (01664)	In Progress	Project is in investigation and detailed design phase. Once the designs are complete, community consultation will occur prior to procurement and construction.	Yes	Completed	400,000	1,103	398,898
5.7.2.29 Preston Avenue btw New South Head Rd and Fairfax Rd (01665)	In Progress	Project is in procurement phase and works are due to commence in Q2.	Yes	Completed	150,000	122,414	27,586

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\*\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
5.7.2.30 Rose Bay Park Seawall Reconstruction (01524)	Completed	Project complete.	Yes	Completed	293	0	293
5.7.2.31 Wunulla Road Point Piper btw Wyuna Road and New South Head Road - Road Pavement Footpath and Kerb & Gutter Reconstruction as needed (01591)	Completed	Project complete.	Yes	Completed	2,292	0	2,292
5.7.2.32 Victoria Road Bellevue Hill btw Cranbrook Road and Ginahgull - Road Pavement Re-sheeting (01603)	Completed	Project complete.	Yes	Completed	256	256	0
5.7.2.33 Ormond St, Paddington, Olive St to Oxford St - Footpath reconstruction, including tree planting and some kerb & gutter works (01527)	In Progress	Project completed in FY2020/21, however outstanding costs were received this financial year. Over-expenditure on this project will be funded from under-expenditure on other projects.	Yes	Completed	0	5,591	-5,591
<b>TOTAL:</b>					<b>\$5,895,546</b>	<b>\$2,071,407</b>	<b>\$3,824,139</b>

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\*\*Actual Expenditure to end of quarter, including commitments.

## Goal 6: Getting around

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 6.1: Facilitate an improved network of accessible and safe alternate transport options.</b>							
<b>Priority 6.1.1: Provide for sustainable, safe convenient and efficient local movement of pedestrians, cyclists and vehicles.</b>							
6.1.1.1 New South Head Rd, William St - Norwich Rd shared path (01304)	In Progress	Construction of Shared Paths and intersections underway. Council resolved to defer commencing the Promenade section until 4 April 2022. Additional grant funding has been received for the project and this will be adjusted through the quarterly budget review,	Yes	Completed	1,078,272	817,058	261,214
6.1.1.2 Norwich Lane/Norwich Road cycleway - Bicycle Strategy (01465)	In Progress	Project on hold pending an on-site meeting with the Woollahra Traffic Committee to discuss community concerns with the design proposal.	Yes	Completed	225,857	23,800	202,057
6.1.1.3 Glenmore Road at Flinton Street, Paddington - Traffic Calming works (LATM) (01463)	Completed	Project complete.	Yes	Completed	0	238	-238
<b>TOTAL:</b>					<b>\$1,304,129</b>	<b>\$841,095</b>	<b>\$463,034</b>
<b>Strategy 6.4: Reduce traffic congestion, noise and speeding.</b>							
<b>Priority 6.4.1: Reduce vehicle speed and traffic congestion through the introduction of traffic management facilities.</b>							
6.4.1.1 Glenmore Road Paddington at Liverpool Street - Kerb extensions (01571)	Design/Scope of Works	Project is in design stage. Community consultation will occur prior to referral to Traffic Committee.	Yes	Completed	66,819	260	66,559
6.4.1.2 Gurner Street Paddington (southern side near Norfolk Lane) - Bus Shelter (01573)	In Progress	Designs complete. Community engagement will occur in Q3, prior to construction.	Yes	Completed	78,291	0	78,291

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
6.4.1.3 O'Sullivan Road Cycleway - Separated Cycleway Design (01574)	Design/Scope of Works	Transport for NSW have advised that they will not be proceeding with a temporary pop up cycleway in O'Sullivan Road. A concept design for a permanent cycleway has been developed for consideration as part of the draft Active Transport Plan. Once Council endorses the draft Active Transport Plan, design consultants will be engaged to develop detailed designs which will be used for funding submissions to TfNSW.	Yes	Completed	199,582	0	199,582
6.4.1.4 Gurner Lane, Paddington – Shared Zone – Active Transport Program 2020/2021 (01643)	In Progress	Civil works are complete. A Road Safety Audit will be completed prior to Transport for NSW authorising the installation of Shared Zone and speed limit signs and lines.	Yes	Completed	103,565	91,919	11,646
6.4.1.5 Double Bay Centre – High Pedestrian Activity Area with Traffic Calming (01648)	In Progress	Procurement complete and construction is scheduled to commence in October 2021.	Yes	Completed	543,471	355,238	188,233
6.4.1.6 Paddington Greenway – Planning & Design (01652)	In Progress	Feasibility Study was reported to Council on 13 September 2021. In accordance with the resolution, further specialist studies are underway to provide a more detailed design that will be reported back to FCS in Q3. A briefing for the landowners of Walker Avenue and 400 Glenmore Road is scheduled for 4 November 2021.	Yes	Completed	60,000	51,796	8,204
6.4.1.7 Federal Stimulus Road Safety Program School Zones (01653)	In Progress	This project is in construction stage. Council has been successful in attracting \$1.26m Federal Road Safety Stimulus (School Zones) Funding to raise existing pedestrian crossings near the following schools: <ul style="list-style-type: none"> <li>• Scots College Preparatory School, Bellevue Hill;</li> <li>• Double Bay Public School, Double Bay;</li> <li>• McCauley Catholic Primary School, Rose Bay;</li> <li>• Bellevue Hill Public School, Bellevue Hill; and</li> <li>• Glenmore Road Public School.</li> </ul> Budget will be adjusted once grant money is received.	Yes	Completed	0	702,515	-702,515

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
6.4.1.8 Glenmore Road, at Campbell Street Paddington - Traffic and Pedestrian Upgrade- Improve pedestrian and traffic safety by raising the existing pedestrian crossing including pedestrian lighting upgrades (01658)	In Progress	Designs complete. Community consultation will occur in October and will be referred to the Woollahra Traffic Committee/ FCS Committee in November 2021.	Yes	Completed	180,000	0	180,000
6.4.1.9 Dover Road, at Carlisle Street - Traffic and Pedestrian Upgrade- Improve pedestrian and traffic safety by raising the existing pedestrian crossing including pedestrian lighting upgrades (01659)	In Progress	Project is in construction stage. Council has been able to secure grant funding to deliver raised crossings in Dover Road, at Carlisle Street, Rose Bay. As this project was previously funded by Council, funding adjustments will be made as part of the quarterly budget review.	Yes	Completed	180,000	0	180,000
6.4.1.10 Woollahra Cycleways Project - Design - Priority 1 Project to be identified in Active Transport Plan (01660)	In Progress	Priority projects will be progressed to design phase, once Council has endorsed the Active Transport Plan. A Councillor Briefing on the Draft ATP will be scheduled after the December Council elections prior the matter being reported to Council's EPC meeting.	Yes	Completed	100,000	0	100,000
6.4.1.11 Old South Head Road Vaucluse at Cambridge Avenue - Pedestrian Refuge Island (01569)	Completed	Project complete.	Yes	Completed	0	-51	51
6.4.1.12 Hopetoun Avenue Vaucluse at Wentworth Road - Pedestrian Refuge Island	Completed	Project complete.	Yes	Completed	0	522	-522
6.4.1.13 Victoria Road Bellevue Hill between Old South Head Road and Bellevue Park Road - Shared Path (01572)	Completed	Project complete.	Yes	Completed	0	238	-238
<b>TOTAL:</b>					<b>\$1,511,728</b>	<b>\$1,202,438</b>	<b>\$309,280</b>

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\*\*Actual Expenditure to end of quarter, including commitments.

## Goal 7: Protecting our environment

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 7.1: Protect natural landscapes, systems and biodiversity.</b>							
<b>Priority 7.1.3: Educate and partner with the community on the protection of natural areas and waterways, including Bushcare.</b>							
7.1.3.1 Interpretation Signage - Signage for Nature Walks including Cooper Park Nature Wellness Trail (01704)	Design/Scope of Works	Signage is being designed to formalise the 'pop-up' nature connection trail at Cooper Park.	Yes	Completed	30,000	0	30,000
<b>TOTAL:</b>					<b>\$30,000</b>	<b>\$0</b>	<b>\$30,000</b>
<b>Strategy 7.3: Support cleaner, healthier waterways including improved water quality and healthy water catchments, creeks and harbour.</b>							
<b>Priority 7.3.1: Implement a five year Capital Renewal Program for stormwater drainage infrastructure and Environmental Works Program for water quality improvement.</b>							
7.3.1.1 Cooper Park Rehabilitation (01489)	In Progress	An audit of pit litter baskets in the Cooper Park catchment has been completed. A gross pollutant trap treating stormwater has been designed and will be installed this financial year.	Yes	Completed	50,137	46,219	3,918
7.3.1.2 Pond rehabilitation - Actions to improve ponds at Trumper and Cooper Park (01705)	Design/Scope of Works	A gross pollutant trap has been designed for installation in the Cooper Park catchment, which will improve water quality in the Cooper Creek pond system. Quotes received for project - installation anticipated for Q2.	Yes	Completed	30,000	25,455	4,545
7.3.1.3 Rose Bay Working Party Actions - Implementation of Rose Bay Beach Sand Redistribution (01706)	Preliminary Investigation	An application has been submitted to the NSW Government Coastal and Estuary Grants Program for 50:50 funding to undertake a redistribution of sand at Rose Bay Beach.	Yes	Completed	50,000	0	50,000
<b>TOTAL:</b>					<b>\$130,137</b>	<b>\$71,674</b>	<b>\$58,463</b>

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\*\*Actual Expenditure to end of quarter, including commitments.



## Goal 8: Sustainable use of resources

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 8.1: Reduce greenhouse gas emissions and ecological footprint.</b>							
<b>Priority 8.1.2: Provide programs and projects to reduce local greenhouse gas emissions and ecological footprint.</b>							
8.1.2.1 Energy Conservation & Carbon Reduction Projects (01490)	In Progress	Installation of solar on Redleaf Council Chambers and the EV charger in Goodhope Street Paddington have been delayed due to Covid19 and are due for completion next quarter. The 3 Councils Regional Environment Program projects have continued with further solar installations planned through the Solar My Club Program. The WaterFix water conservation program has commenced, targeting large water-using strata blocks.	Yes	Completed	226,623	73,875	152,748
8.1.2.2 Kiaora Buildings Carbon Reduction (01637)	Design/Scope of Works	A brief has been prepared and quotes obtained for the second phase of the Kiaora rooftop solar installation. Contractor to be appointed Q2 with a view to installation in Q3.	Yes	Completed	125,000	0	125,000
8.1.2.3 Kiaora Buildings Energy Reduction (01638)	Preliminary Investigation	A project brief is in development for a building management system at Kiaora Place to maximise energy efficiency. The project is expected to be rolled out in the second half of FY2021/22.	Yes	Completed	166,597	0	166,597
8.1.2.4 Electric Vehicles (01639)	In Progress	An electric all-terrain vehicle for use by parks staff in the Double Bay commercial centre has been ordered.	Yes	Completed	17,000	5,933	11,067
8.1.2.5 Electric Vehicle Charging - Installation of two onstreet chargers and ranger vehicle charger (01703)	In Progress	An EV charger has been installed at the Hugh Latimer centre for use by the regulatory team. An EV charger is being installed at Kiaora Place for the library courier vehicle. A community survey has been completed to ascertain community needs regarding EV charging. Survey results will be used to prepare an EV Policy and assist with the identification of locations for further onstreet charging infrastructure.	Yes	Completed	65,000	12,875	52,125

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\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
8.1.2.6 Biodiversity Monitoring - Biodiversity and environmental monitoring program - rollout of monitoring undertaken every second year (01702)	Design/Scope of Works	A brief has been prepared and quotes obtained for the rollout of the biodiversity and environmental monitoring program. Monitoring will commence next quarter.	Yes	Completed	45,000	0	45,000
<b>TOTAL:</b>					<b>\$645,220</b>	<b>\$92,683</b>	<b>\$552,537</b>
<b>Strategy 8.2: Monitor and strategically manage environmental risks and impacts of climate change.</b>							
<b>Priority 8.2.1: Participate in projects that respond to the effects of climate change, including the effects of sea level rise.</b>							
8.2.1.1 Climate Change Risk Assessment and Action Plan (01640)	In Progress	A number of climate change risk assessment workshops have been held with staff and are complete. The draft Climate Change Risk Assessment and Adaptation Plan is due to be received this quarter and is expected to be reported to Council in Q3.	Yes	Completed	43,190	38,590	4,600
8.2.1.2 Investigation Rose Bay Channel Naturalisation (01405)	Preliminary Investigation	Sydney Water has confirmed that they are willing to work with Council to develop this project further.	Yes	Completed	30,000	0	30,000
8.2.1.3 Biodiversity Projects (01488)	In Progress	Works to improve biodiversity at Rose Bay Park will commence when Covid19 restrictions allow. Interpretive signage has been designed to educate the community about threatened species and the ecological value of Trumper Park and Cooper Park ponds.	Yes	Completed	30,000	1,770	28,230
<b>TOTAL:</b>					<b>\$103,190</b>	<b>\$40,360</b>	<b>\$62,830</b>
<b>Strategy 8.3: Encourage and assist our community to be leaders in waste management and resource recycling.</b>							
<b>Priority 8.3.1: Encourage greater community participation in waste reduction, recycling and composting initiatives.</b>							

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
8.3.1.1 Better Waste & Recycling Fund (01485)	In Progress	Projects funded by the Better Waste and Recycling Fund grant are underway for this financial year. An upgraded green waste storage area for Council tree management teams has been designed and installation is anticipated in Q3.	Yes	Completed	26,412	0	26,412
<b>TOTAL:</b>					<b>\$26,412</b>	<b>\$0</b>	<b>\$26,412</b>
<b>Strategy 8.5: Promote and carry out water sensitive urban design.</b>							
<b>Priority 8.5.1 Integrate water sensitive urban design into local infrastructure and development.</b>							
8.5.1.1 Water Sensitive Urban Design - Investigation (01091)	Not Commenced	Scope of works being prepared.	Yes	Completed	20,000	10,171	9,830
8.5.1.2 WSUD - Construction (01487)	Design/Scope of Works	A gross pollutant trap has been designed to treat stormwater flowing to Cooper Park. Quotes received for project - installation anticipated for Q2.	Yes	Completed	100,000	91,126	8,874
<b>TOTAL:</b>					<b>\$120,000</b>	<b>\$101,297</b>	<b>\$18,704</b>

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations  
\*\*Actual Expenditure to end of quarter, including commitments.

## Goal 9: Community focussed economic development

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 9.1: Encourage vibrant and vital local suburbs, villages and neighbourhoods that support a healthy economy.</b>							
<b>Priority 9.1.2: Encourage economic development in business and retail centres.</b>							
9.1.2.1 Cross Street Car Park-Redevelopment (01275)	Tenders or Quotations Called	Submissions being evaluated. Report to be submitted in February 2022.	Yes	In Progress	297,633	212,572	85,061
9.1.2.2 Rose Bay Car Parks-Redevelopment (01276)	Design/Scope of Works	Concept plan reported to Council and endorsed on 13 September 2021. Public meeting to be scheduled prior to DA submission. DA documentation being finalised for submission in Q3, depending on the timing of the public meeting with PHO restraints. Additional funds being sought in next quarterly budget review.	Yes	In Progress	811,558	855,487	-43,929
<b>TOTAL:</b>					<b>\$1,109,191</b>	<b>\$1,068,058</b>	<b>\$41,133</b>
<b>Strategy 9.3: Maintain a high quality public domain to support and promote local business.</b>							
<b>Priority 9.3.1: Provide services to meet community expectations in relation to the presentation of business centres and high profile areas.</b>							
9.3.1.1 Plumer Road, Rose Bay - Streetscape Upgrade (01404)	In Progress	Designs complete and community consultation scheduled for Q3.	Yes	Completed	815,720	867	814,853
9.3.1.2 Knox St Double Bay Pedestrianisation - Open Space Legacy Grant (01649)	In Progress	Councillor workshop completed. Community and stakeholder consultation underway. Concept design to be prepared for report to Council in Q3.	Yes	In Progress	4,715,000	123,766	4,591,234

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
9.3.1.3 Trumper Park Tennis - Upgrade Toilets (01684)	Not Commenced	Awaiting outcome of grant application for upgrade to toilets and change rooms before works proceed.	Yes	Completed	40,000	2,324	37,676
9.3.1.4 Woollahra Golf Club - Replace roof, gutters & downpipes (01685)	Not Commenced	An opportunity to apply for grant funding for this project has become available. An application has been made and we are awaiting outcome before proceeding with works.	Yes	Completed	150,000	2,000	148,000
<b>TOTAL:</b>					<b>\$5,720,720</b>	<b>\$128,957</b>	<b>\$5,591,763</b>
<b>Priority 9.3.2: Provide street furniture maintenance services.</b>							
9.3.2.1 Double Bay Business Centre-CCTV installation (01196)	Works Delayed	Works to install additional cameras and system upgrades delayed due to issues with existing contractor.	Yes	Completed	14,684	14,818	-134
9.3.2.2 Queen Street Woollahra-Masterplan implementation (01281)	Completed	Project complete.	Yes	Completed	0	375	-375
<b>TOTAL:</b>					<b>\$14,684</b>	<b>\$15,193</b>	<b>-\$509</b>

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

## Goal 11: A well-managed Council

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)**	Budget Remaining (\$)
<b>Strategy 11.4: Maintain Council's strong financial position.</b>							
<b>Priority 11.4.2: Manage the leasing and licensing of Council buildings.</b>							
11.4.2.1 Kiaora Place - Various works (01530)	In Progress	Contractor engaged for LED lights. Specifications for the Building Management System (BMS) is being finalised.	Yes	Completed	141,000	0	141,000
11.4.2.2 Cosmopolitan Centre Awning improvements (01636)	Design/Scope of Works	Design being finalised.	Yes	Completed	15,000	0	15,000
11.4.2.3 Kiaora Place - Shelves bases/skirting (01700)	Deferred	Works completed last financial year. Funds to be transferred to Property Reserves.	Yes	Completed	55,000	0	55,000
<b>TOTAL:</b>					<b>\$211,000</b>	<b>\$0</b>	<b>\$211,000</b>
<b>Priority 11.4.3: Implement the outcomes of the Community Facilities Study.</b>							
11.4.3.1 Asset Management System (00931)	Design/Scope of Works	Infrastructure and Sustainability is conducting an assessment of requirements.	Yes	In Progress	159,074	0	159,074
11.4.3.2 Audio visual upgrade Redleaf (01564)	In Progress	Audio visual works progressing in the Council Chambers and Thornton Room and likely to be finalised in second quarter.	Yes	Completed	139,988	93,704	46,284
11.4.3.3 Redleaf refurbishment works (01641)	In Progress	Front counter being installed in October 2021.	Yes	Completed	128,351	57,305	71,046

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
11.4.3.4 Redleaf - Replacement of external window shutters (01691)	Preliminary Investigation	Inspection of shutters underway.	Yes	Completed	20,000	0	20,000
11.4.3.5 Essential Service Maintenance (01549)	Not Commenced	Fire detection/prevention scope of works being investigated.	Yes	Completed	15,000	0	15,000
11.4.3.6 Cross Street - Remedial works (01701)	Not Commenced	Structural investigations are being finalised to determine what essential works are required.	No	Completed	20,000	0	20,000
<b>TOTAL:</b>					<b>\$482,413</b>	<b>\$151,009</b>	<b>\$331,404</b>
<b>Strategy 11.5: Deliver high quality services that meet customer expectations.</b>							
<b>Priority 11.5.2: Provide for the effective planning and delivery of information technology services to enable efficient services to the community.</b>							
11.5.2.1 Free public Wi-Fi in commercial centres (01436)	In Progress	Public Wi-Fi rollout in Council buildings is currently underway with installations at EJ Ward and The Bay Room. Further sites are being investigated.	Yes	In Progress	20,000	17,000	3,000
11.5.2.2 Servers and storage refresh (01578)	Completed	All servers and storage infrastructure is now in place.	Yes	Completed	36,880	46,333	-9,453
11.5.2.3 PCs Replacement- Replace all PCs due to end of life (01654)	Design/Scope of Works	Currently assessing requirements of purchasing laptops versus desktops.	Yes	Completed	400,000	0	400,000
11.5.2.4 IT Equipment for New Council - Purchase a Laptop, iPad and iPhone for new Councillors (01655)	In Progress	Raised purchase order for iPads for new Council and submitted to Apple.	Yes	Completed	85,000	0	85,000

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations

\*\*Actual Expenditure to end of quarter, including commitments.

Actions	Current Status	Progress Comments	Comment Updated	Projected Status 30 June 2022	Budget (\$)*	YTD Expenditure (\$)***	Budget Remaining (\$)
11.5.2.5 Library all-in-one public PCs - 29 public PCs and 14 OPACs (01656)	Not Commenced	Not yet commenced.	No	Completed	47,300	0	47,300
11.5.2.6 Library public laptops - 16 laptops (01657)	Not Commenced	Not yet commenced.	No	Completed	21,342	0	21,342
11.5.2.7 Laptops refresh (01577)	Completed	Laptops have been replaced and additional laptops provided to the art gallery.	Yes	Completed	0	2,758	-2,758
<b>TOTAL:</b>					<b>\$610,522</b>	<b>\$66,091</b>	<b>\$544,431</b>
<b>GRAND TOTAL:</b>					<b>\$27,983,897</b>	<b>\$9,915,395</b>	<b>\$18,068,503</b>

\*The budget figure includes the current year's original budget plus revotes and rollovers from previous year and any adopted quarterly variations  
\*\*Actual Expenditure to end of quarter, including commitments.



Woollahra  
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3536

WOOLLAHRA MUNICIPAL COUNCIL  
Capital Works Report - Quarter 1 July - September 2021/22



**Item No:** D6 Delegated to Committee  
**Subject:** **MONTHLY FINANCIAL REPORT - OCTOBER 2021**  
**Author:** Toby Andreassen, Financial Accountant  
**Approvers:** Paul Ryan, Chief Financial Officer  
Sue Meekin, Director Corporate Performance  
**File No:** 21/221533  
**Reason for Report:** To present the monthly financial report for October 2021.

**Recommendation:**

THAT the Committee:

- A. Receive and note the Monthly Financial Report – October 2021.
- B. Note that Council’s 12 month weighted average return for October 2021 on its direct investment portfolio of 0.47% exceeds the benchmark 90 day AusBond Bank Bill Index of 0.004%.
- C. Note that the interest income for year to date 31 October of \$140k is significantly below our budget for the same period of \$201k.

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**Background:**

Clause 212 of the Local Government (General) Regulation 2005 (the Regulation) requires the Responsible Accounting Officer (RAO) (Council’s Chief Financial Officer) to provide the Council with a monthly report setting out details of all money that the Council has invested. This report must be made up to the last day of the month immediately preceding the meeting it is presented to.

The Monthly Financial Report for October 2021 is submitted to the Committee for consideration and includes the following:

- Investment Transactions for the month.
- Restricted Cash (Reserves).
- Summary of Receipts, Payments and Bank Balance.
- Details of Investment Portfolio and market valuations.
- Statement of Investment Policy Compliance.
- Charts:
  - ◆ Weighted Average Maturity and Weighted Average Returns.
  - ◆ Weighted Average Returns v 90 day AusBond Bank Bill Index.
  - ◆ Actual Interest Earned v Original Budget & Revised Forecast.
- Movements in Book Value of Investments

**Investment Transactions for the Month of October 2021**

Date	Investment Description	Term	Rate	Transaction	Amount
Opening Balance as at 1 October 2021					87,080,549.27
31/10/2021	ANZ Bank FRN			Fair Value Adjustment	-1,960.00
31/10/2021	AMP Online movement			Deposit	927.09
31/10/2021	CBA Online movement			Withdrawal	-828,314.30
31/10/2021	Macquarie Online movement			Withdrawal	-2,998,043.57
31/10/2021	NAB Online movement			Deposit	3,564.14
Net movement in Portfolio for the month					-3,823,826.64
<b>Closing Balance as at 31 October 2021</b>					<b>83,256,722.63</b>

Commentary:

Council’s investment portfolio reduced \$3.8M during October which is a normal trend for a non-rates instalment month. In addition it should be noted that that part of our October cashflow funded a \$2M six monthly loan repayment to the Commonwealth Bank on our \$59M loan facility.

Our \$2M ANZ FRN saw a backdated mark-to-market valuation reduction for September of \$1,960 with future revaluations continuing to be processed one month in arrears.

Restricted Cash:

Restricted Cash are funds set aside for future expenditure and are established either by a legislative requirement or Council resolution. Reserves established by a legislative requirement are called “External Restrictions” while those established by Council are “Internal Restrictions”.

The breakdown below shows that of Council’s total cash and investments of \$83.769M\* at the end of October, \$82.154M was restricted leaving \$1.615M in unrestricted cash.

	31/10/2021 \$'000
Total Cash, Cash Equivalents and Investments	83,769 *
Less: Restricted Cash:	
External Restrictions	20,310
Internal Restrictions	61,844
Unrestricted Cash	<u>1,615</u>

\*Includes on call cash in operating bank accounts not included in the investments balance above.

Details of restricted cash balances are provided each quarter in the quarterly budget review.

Summary of Receipts, Payments and Bank Balance

Cash Book Balance as at 30 September 2021

1,140,346.55

General Fund Acct 220,922.12  
Kiaora Bank Acct 919,424.43

Receipts

Rates	1,846,814.59
Investment Maturities	0.00
Transfers In from At Call Accounts	6,520,000.00
Other	4,468,031.63
<b>Total Receipts</b>	<b>12,834,846.22</b>

Description	This month	Current YTD	Previous YTD
Kiaora Place	690,452	3,012,700	2,577,933
Deposits & Bonds	747,952	3,097,320	2,953,544
Sundry Debtors	570,133	1,906,584	2,084,036
DOCS Preschool Subsidy	327,617	680,250	378,892
Parking Fines	307,202	1,889,899	1,445,077
Work Zone Charges	178,568	350,842	141,168
S7.12 Contributions	168,288	1,556,817	1,147,408
Parking Meter Charges	116,024	182,557	109,495
Trade Waste Debtors	105,799	405,365	493,780
Development Application Fees	102,883	347,412	365,182
	3,314,917	13,429,745	11,696,514

Payments

Cheque Payments	0.00
Cancelled Cheques	0.00
EFT Payments	-7,386,344.52
Returned EFT Payments	864.86
Total Payments before Direct Debits	-7,385,479.66

10 Largest Payments during the month

Reference	Payment Date	Payee	Description	Amount
139	11/10/2021	Commonwealth Bank of Australia	Loan repayment - principal and interest	-1,963,674.56
89094	8/10/2021	PayClear Services Pty Ltd	Employer/employee super - Sep'21	-485,870.61
89233	21/10/2021	Veolia Environmental Services	Tipping fees - Sep'21	-485,240.01
89151	14/10/2021	Holdsworth St Community Centre	Base funding - 2nd qtr	-282,286.95
166789	19/10/2021	Rork Projects Pty Ltd	St Brigid's refurbishment project	-264,666.08
89251	21/10/2021	GJ's Landscapes Pty Ltd	Landscape works - Dillon St and Plumb Reserve	-174,029.02
302601	6/10/2021	BGIS	Float top up	-172,534.18
89089	7/10/2021	URM Environmental Services Pty Ltd	Recycling contract - Aug/Sep'21	-154,295.62
89305	21/10/2021	State Civil Pty Ltd	General works - Ocean Av and Bay St	-151,555.32
89339	28/10/2021	Civil Streetscapes Pty Ltd	General works - Lyne Pk shared path	-125,290.00

Payments - Direct Debits From Bank A/c

Payroll	-2,245,850.00
PAYG Tax	-771,591.00
Bank Charges	-721.62
Revenue Collection Charges	-27,948.21
Investment Purchases	0.00
Transfers to At Call Accounts	-2,691,000.00
Credit cards	-3,649.66
Total Direct Debits for period	-5,740,760.49
<b>Total Payments</b>	<b>-13,126,240.15</b>

Cash Book Balance as at 31 October 2021

848,952.62

General Fund Acct 102,610.48  
Kiaora Bank Acct 746,342.14

Unpresented Cheques	68	Value:	31,239.51
Outstanding Deposits & Miscellaneous Items			580,540.11

Reconciled Cash Book Balance as at 31 October 2021

1,460,732.24

Bank A/c Balances as at 31 October 2021

1,460,732.24

General Fund Acct 714,390.10  
Kiaora Bank Acct 746,342.14

Unpresented Cheques > \$30,000.00

Cheque No.	Cheque Date	Payee	Description	Amount
		Not any		

Commentary:

This statement presents Council's bank reconciliation as at 31 October 2021. The top ten receipt and payment items are provided. Excluding investment transactions, payments exceeded receipts this month by \$3.9M and together with movements in cash at bank resulted in the \$3.8M decrease in our total portfolio value.

## Investment Portfolio as at 31 October 2021

RATING	BANK & SECURITY	PURCHASE DATE	MATURITY DATE	TOTAL TERM (DAYS)	REMAINING DAYS TO MATURITY	%	FACE VALUE \$	BOOK VALUE \$
	<b>1. OAKVALE CAPITAL Limited</b> Emerald Reverse Mortgage Backed Security						1,000,000.00	610,000.00
	<b>2. WMC DIRECT INVESTMENTS</b>							
BBB	<b>AMP BANK</b> TERM DEPOSIT	10/11/2020	10/11/2021	365	10	0.75	2,000,000.00	2,000,000.00
NR	<b>COMMUNITY FIRST CU</b> TERM DEPOSIT	25/11/2020	25/11/2021	365	25	0.65	2,000,000.00	2,000,000.00
NR	<b>BANK OF SYDNEY</b> TERM DEPOSIT	4/12/2020	6/12/2021	367	36	0.70	2,000,000.00	2,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	30/08/2021	23/12/2021	115	53	0.13	2,000,000.00	2,000,000.00
BBB	<b>AMP BANK</b> TERM DEPOSIT	5/01/2021	5/01/2022	365	66	0.75	1,000,000.00	1,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	13/08/2021	13/01/2022	153	74	0.26	2,000,000.00	2,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	30/08/2021	17/01/2022	140	78	0.13	2,000,000.00	2,000,000.00
BBB	<b>BANK OF QUEENSLAND</b> TERM DEPOSIT	27/04/2021	27/01/2022	275	88	0.39	3,000,000.00	3,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	27/04/2021	27/01/2022	275	88	0.34	4,000,000.00	4,000,000.00
AA	<b>ANZ BANK</b> FLOATING RATE NOTE	7/03/2017	7/03/2022	1826	127	1.03	2,000,000.00	2,007,940.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	13/08/2021	14/03/2022	213	134	0.28	3,000,000.00	3,000,000.00
A	<b>ING DIRECT</b> TERM DEPOSIT	8/06/2021	8/04/2022	304	159	0.45	6,000,000.00	6,000,000.00
AA	<b>COMMONWEALTH BANK</b> TERM DEPOSIT	15/06/2021	11/04/2022	300	162	0.42	4,000,000.00	4,000,000.00
BBB	<b>AMP BANK</b> TERM DEPOSIT	31/05/2021	26/04/2022	330	177	0.35	2,000,000.00	2,000,000.00
BBB	<b>BANK OF QUEENSLAND</b> TERM DEPOSIT	13/08/2021	13/05/2022	273	194	0.44	3,000,000.00	3,000,000.00
BBB	<b>MEMBERS EQUITY</b> TERM DEPOSIT	13/08/2021	14/06/2022	305	226	0.50	1,000,000.00	1,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	30/08/2021	20/06/2022	294	232	0.25	4,000,000.00	4,000,000.00
BBB	<b>BANK OF QUEENSLAND</b> TERM DEPOSIT	30/08/2021	5/07/2022	309	247	0.39	1,000,000.00	1,000,000.00
NR	<b>BANK OF SYDNEY</b> TERM DEPOSIT	30/08/2021	5/07/2022	309	247	0.54	1,000,000.00	1,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	9/07/2021	11/07/2022	367	253	0.36	2,000,000.00	2,000,000.00
BBB	<b>MEMBERS EQUITY</b> TERM DEPOSIT	9/07/2021	11/07/2022	367	253	0.50	3,000,000.00	3,000,000.00
BBB	<b>JUDO BANK</b> TERM DEPOSIT	17/09/2021	16/09/2022	364	320	0.65	2,000,000.00	2,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	19/01/2021	18/07/2023	910	625	0.65	1,000,000.00	1,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	19/01/2021	18/07/2023	910	625	0.49	1,000,000.00	1,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	19/01/2021	17/08/2023	940	655	0.66	1,000,000.00	1,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	19/01/2021	17/08/2023	940	655	0.50	1,000,000.00	1,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	19/01/2021	16/10/2023	1000	715	0.67	2,000,000.00	2,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	19/01/2021	15/12/2023	1060	775	0.68	1,000,000.00	1,000,000.00
AA	<b>WESTPAC BANKING CORPORATION</b> TERM DEPOSIT	19/01/2021	15/12/2023	1060	775	0.53	1,000,000.00	1,000,000.00
AA	<b>NATIONAL AUSTRALIA BANK</b> TERM DEPOSIT	19/01/2021	19/01/2024	1095	810	0.70	2,000,000.00	2,000,000.00
<b>AT CALL:</b>								
AA	<b>COMMONWEALTH BANK</b> ONLINE SAVER A/C					0.10	3,542,825.88	3,542,825.88
BBB	<b>AMP BANK</b> 31DAY NOTICE ACCT					0.55	2,051,745.27	2,051,745.27
	BUSINESS SAVER ACCT					0.50	15.13	15.13
A	<b>MACQUARIE BANK</b> CASH MANAGEMENT ACCOUNT					0.40	4,018,807.30	4,018,807.30
AA	<b>NATIONAL AUSTRALIA BANK</b> PROFESSIONAL FUNDS ACCT					0.50	8,975,389.05	8,975,389.05
AA	<b>ANZ BANK</b> 11AM CALL ACCT					0.05/0.03	50,000.00	50,000.00
	Total WMC Direct Investments						82,638,782.63	82,646,722.63
	<b>Weighted Average Days to Maturity of WMC Direct Investments</b>				<b>236.58</b>			
	<b>Weighted Average Return of WMC Direct Investments</b>					<b>0.47</b>		
	<b>PORTFOLIO TOTALS</b>						<b>83,638,782.63</b>	<b>83,256,722.63</b>

I hereby certify that the above investments have been made in accordance with Section 625 of the Local Government Act 1993, Clause 212 of the Local Government (General) Regulation 2005 and Council's investment policy.

P. Ryan  
CHIEF FINANCIAL OFFICER

### Commentary:

We are holding a larger amount of cash in our at-call accounts to take advantage of any one-off investment opportunities and will in the interim place the funds where the returns are better and we have capacity to invest.

**Investment Policy Compliance Report  
 as at 31 October 2021**

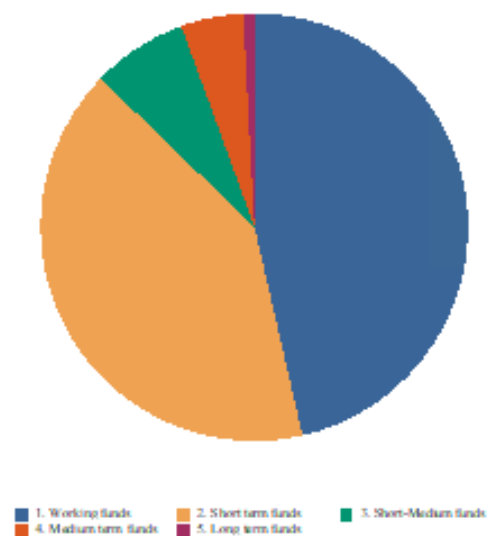
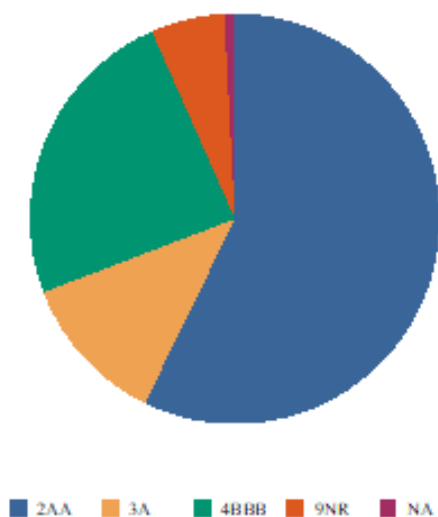
Acct	Bank	Rating Cat.	%	Policy Limit \$	Current Holding	% of Total	Compliance
<b>Counterparty Limits</b>							
AMP	AMP Bank	BBB	10%	8,325,672	7,051,760	8%	Complies - \$ 1,273,911 available
ANZ	ANZ Bank	AA	30%	24,977,017	2,057,940	2%	Complies - \$22,919,076 available
CBA	Commonwealth Bank	AA	30%	24,977,017	7,542,826	9%	Complies - \$17,434,190 available
COM	Community First Credit Union	NR	5%	4,162,836	2,000,000	2%	Complies - \$ 2,162,836 available
ING	ING Direct	A	15%	12,488,508	6,000,000	7%	Complies - \$ 6,488,508 available
JUD	Judo Bank	BBB	10%	8,325,672	2,000,000	2%	Complies - \$ 6,325,672 available
MAC	Macquarie Bank	A	15%	12,488,508	4,018,807	5%	Complies - \$ 8,469,701 available
MEB	Members Equity Bank	BBB	10%	8,325,672	4,000,000	5%	Complies - \$ 4,325,672 available
NAB	National Australia Bank	AA	30%	24,977,017	22,975,389	28%	Complies - \$ 2,001,627 available
OAK	Oakvale Capital	NA		0	610,000	1%	Grandfathered - Complies
QLD	Bank of Queensland	BBB	10%	8,325,672	7,000,000	8%	Complies - \$ 1,325,672 available
SYD	Bank of Sydney	NR	5%	4,162,836	3,000,000	4%	Complies - \$ 1,162,836 available
WBC	Westpac Banking Corporation	AA	30%	24,977,017	15,000,000	18%	Complies - \$ 9,977,016 available
					<u>83,256,723</u>		

**Credit Quality Limits:**

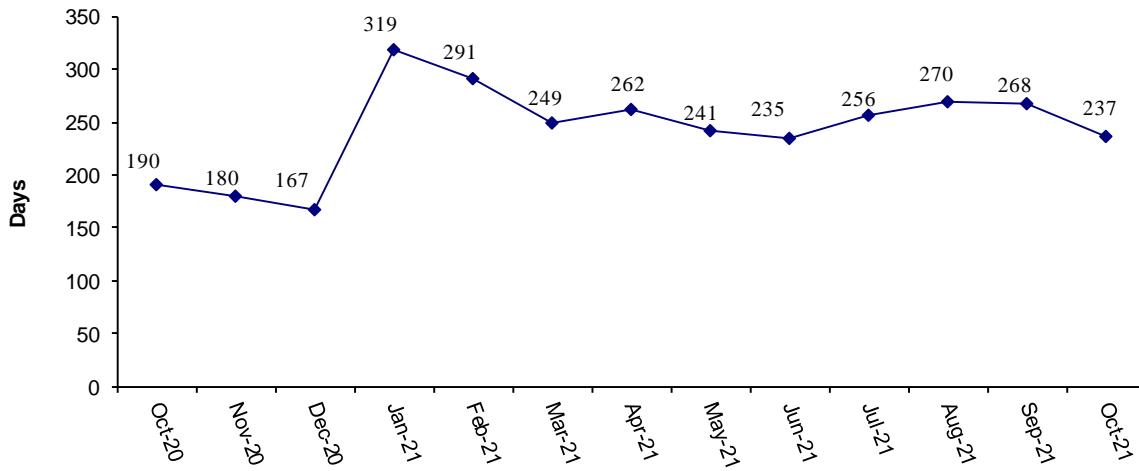
Rating Cat.	Limit	\$	%	Compliance
AA	100%	47,576,155	57%	Complies
A	45%	10,018,807	12%	Complies
BBB	25%	20,051,760	24%	Complies
NR	10%	5,000,000	6%	Complies
NA		610,000	1%	Grandfathered
		<u>83,256,723</u>		

**Term to Maturity Limits:**

Term	Limit	\$	%	Compliance
1. Working funds	10-100	38,638,783	46%	Complies
2. Short term funds	20-100	34,007,940	41%	Complies
3. Short-Medium funds	0-70	6,000,000	7%	Complies
4. Medium term funds	0-50	4,000,000	5%	Complies
5. Long term funds	0-20	610,000	1%	Complies
		<u>83,256,723</u>		



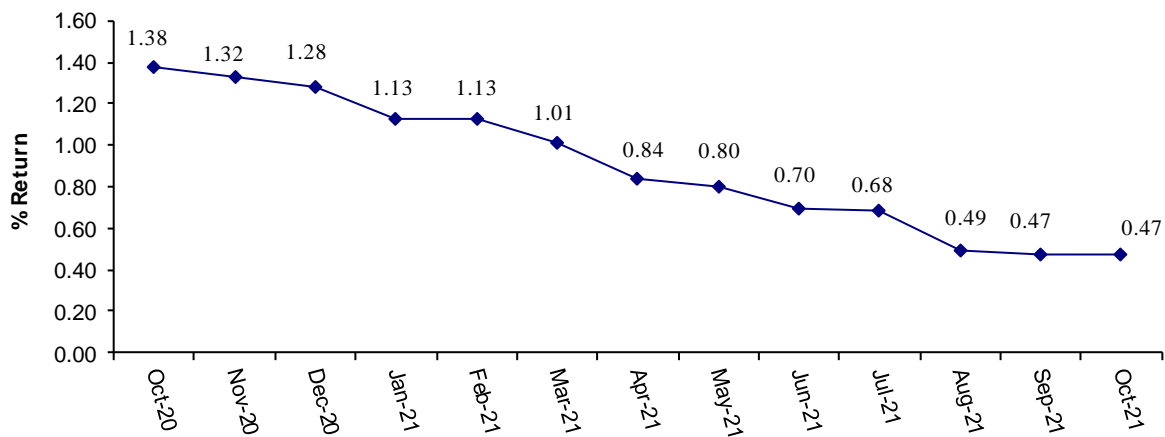
**Weighted Average Days to Maturity**



Commentary:

The weighted average days to maturity for October fell 31 days with no movement during the month and the bulk of the portfolio moving towards maturity.

**Weighted Average Return**

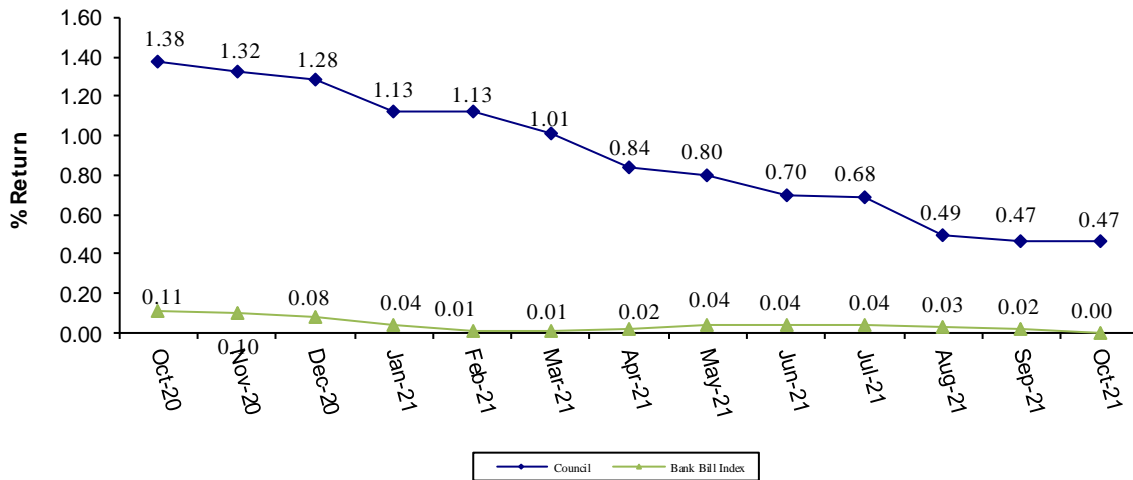


Commentary:

The weighted average return for October remained unchanged at 0.47% with neither maturities or new investments for the month.



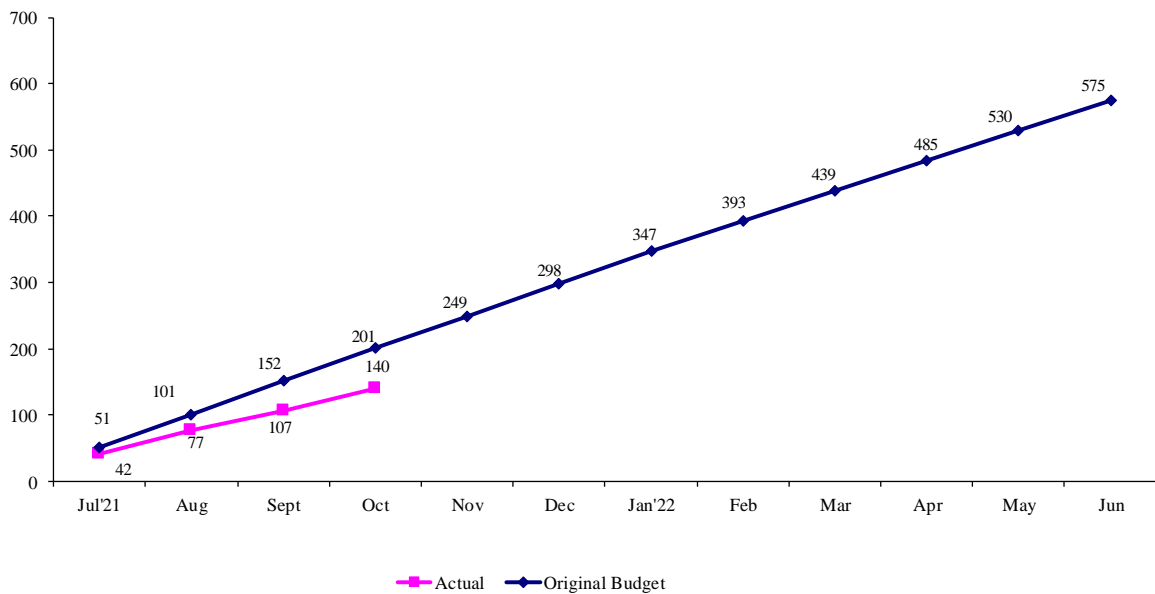
**Weighted Average Return v Bank Bill Index**



Commentary:

This chart tracks Council’s weighted average return on its direct investment portfolio against a 90 day AusBond Bank Bill Index. Council’s weighted average remained unchanged at 0.47% against a corresponding AusBond index of 0.004%.

**Actual Interest Earned v Budget  
 \$'000**



Commentary:

Our year to date interest to October of \$140k is continuing to run significantly below our budget for the same period of \$201k. A recommendation will be made to Council in the September Quarterly budget review to revise the forecast interest earnings for the year ending 30 June 2022.

**Movements in Book Value (Fair Value) of Investments**

**Formerly managed by Oakvale Capital**

	Securities	Total Book Value
30/06/2021 Balance brought forward	<u>610,000.00</u>	610,000.00
	<b>610,000.00</b>	

**Direct Investments**

	Securities	Total Book Value
30/06/2021 Balance brought forward	2,014,260.00	2,014,260.00
30/06/2020 Revalue to Market Value - ANZ FRN	(1,460.00)	2,012,800.00
31/07/2020 Revalue to Market Value - ANZ FRN	(1,320.00)	2,011,480.00
31/08/2021 Revalue to Market Value - ANZ FRN	(1,580.00)	2,009,900.00
30/09/2021 Revalue to Market Value - ANZ FRN	(1,960.00)	2,007,940.00
31/10/2021 Revalue to Market Value - ANZ FRN #	0.00	2,007,940.00
	<u><b>2,007,940.00</b></u>	

# Information not available in time

Commentary:

The table above details movements in Council’s portfolio formerly managed by Oakvale Capital along with Council’s direct investment floating rate notes (FRNs). It typically includes the maturity or sale of securities, quarterly coupon payments and fair value (market) adjustments.

Our \$2M ANZ FRN was retrospectively revalued in October as at 30 September recording a mark-to-market reduction of \$1,960. Future revaluations will continue to run one month in arrears given the information arrives after our reporting deadline.

All coupons due for October were received.

**Annexures**

Nil

**Item No:** R1 Recommendation to Council  
**Subject:** **2021/22 BUDGET REVIEW FOR THE QUARTER ENDED 30 SEPTEMBER 2021**  
**Authors:** Henrietta McGilvray, Corporate Accountant  
Paul Ryan, Chief Financial Officer  
**Approvers:** Sue Meekin, Director Corporate Performance  
Craig Swift-McNair, General Manager  
**File No:** 21/212230  
**Reason for Report:** To report on the review of the 2021/22 Budget for the quarter ended 30 September 2021

**Recommendation:**

- A. THAT the report on the Budget Review for the quarter ended 30 September 2021 be received and noted.
- B. THAT Council note the statement from the Responsible Accounting Officer, Council's Chief Financial Officer, that the projected financial position at 30 June 2022, based on the forecasts outlined in this report, will remain satisfactory however Council's ability to mitigate the impact of pressures on its budget as outlined in the report will reduce as Cash Reserves are drawn down and will need to be addressed longer term.
- C. THAT the recommended variations to the 2021/22 budget outlined in the report be adopted, noting the \$3.0M impact of the COVID-19 pandemic which has been managed through the use of the Loan Funds Reserve and Property Reserve.

**Background:**

The requirement for a quarterly review of the budget arises from Clause 203 of the Local Government (General) Regulation 2005. It requires the responsible accounting officer of a Council to prepare and submit to the Council a budget review statement that shows, by reference to the estimates of income and expenditure set out in the Operational Plan that the Council has adopted for the relevant year, a revised estimate of the income and expenditure for that year. A budget review statement must include or be accompanied by:

- (a) a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimates of income and expenditure, and;
- (b) if that position is unsatisfactory, recommendations for remedial action.

The Quarterly Budget Review report includes the statements required under the Office of Local Government's Quarterly Budget Review Statement (QBRs) Guidelines, being:

- Income and Expenses Statement  
(contained in the body of the report – page 6)
- Capital Budget  
(contained in the body of the report – page 10)
- Cash and Investments position  
(contained in the body of the report – page 12)
- Key Performance Indicators  
(see Overall Financial Position – pages 3-5)
- Contracts and Other Expenses  
(Annexure 3)

In addition to these Statements, the Committee also receives a Balance Sheet forecast to 30 June 2022 (**Annexure 1**).

**Discussion:**

When finalising Council's 2021/22 Budget, NSW was not subject to any Stay-At-Home Orders (SAHO's) from the COVID-19 pandemic. As such, Council's budgeted income and expenditure was developed primarily based on Council's normal operations. On 26 June 2021, due to the COVID-19 Delta variant, the NSW government introduced SAHO's across the greater Sydney area. These were eased on 11 October 2021 for those who were fully vaccinated with a full lifting of restrictions for everyone to occur at the time of writing this report from 15 December 2021.

In response to the SAHO's, Council adopted a number of support measures on 26 July 2021:

- A. *THAT Council suspends the footway dining approvals until such time as footway dining becomes permissible.*
- B. *THAT Council waive footway dining fees for a period of 2 x months after footway dining becomes permissible.*
- C. *THAT Council offer deferred rental payments for commercial tenants in Council owned property (other than Woolworths & Dan Murphy, the National Australia Bank and the Commonwealth Bank) from the commencement of the current Stay-At-Home Orders (SAHO), being 26 June 2021, until 2 x months post the date of lifting of the current SAHO, noting that any deferred rent will be amortised for payment over the remaining months of the 2021/22 financial year.*
- D. *THAT Council waive rental payments for community tenants (of Council controlled property) for the period of the current stay-at home orders and until 1 x month post the lifting of the current SAHO.*

Monthly progress reports were presented to Council in August, September and October outlining the estimated financial impact of the SAHO's including the support initiatives. Further reports will be presented to Council each month until March 2022.

The September Quarterly Budget Review incorporates both COVID-19 related impacts as well as other items impacting on Council's budget. The net result of these is a decrease in Council's Net Operating Result of \$1.49m. When we exclude Capital Grants & Contributions (we exclude them because capital grants and contributions can only be used on capital projects, i.e. not on Council's day to day expenses) the net result is a decrease in the Net Operating Result before Capital Grants & Contributions of \$2.78m, bringing the total forecast Deficit for 2021/22 to \$6.97m.

From a working funds perspective the adverse financial impact from the current COVID-19 SAHO's has been managed primarily through the use of the Loan Funds Reserve of \$1.69m and the Property Reserve of \$1.1m.

The table below shows the forecast Operating Performance Ratio and Debt Service Cover Ratio for 2021/22 compared to 2020/21 and the OLG Benchmarks.

	<b>OLG Benchmark</b>	<b>2020/21 Actual</b>	<b>2020/21 Actual Adjusted*</b>	<b>2021/22 Forecast</b>	<b>2021/22 Adjusted Forecast*</b>
Operating Performance Ratio	> 0%	-15.08%	-3.45%	-7.44%	-3.00%
Debt Service Cover Ratio	> 2.00x cover	0.14x	2.44x	3.48x	4.02x

\* Adjusted to exclude impacts of COVID-19 and the loan refinancing in 2020/21

This shows that the Operating Performance Ratio for 2021/22 is forecast to be below the OLG Benchmark even when adjusted for the impacts of COVID-19.

Whilst we have been able to use a range of cash reserves that we had in place, to enable us to minimise the impact of the deficit position and maintain our levels of service to the community, our cash reserves are limited, so we need to continue to take proactive action to improve our financial sustainability.

At its meeting of 25 October 2021 where the audited Annual Financial Statements for the Year Ended 30 June 2021 were presented, Council resolved:

- A. THAT the General Purpose Financial Statements for the year ended 30 June 2021, as presented to the public, be received and noted.
- B. THAT as a matter of urgency Council will continue to take proactive action to address the negative impact to the Operating Performance Ratio including from recent COVID-19 related expenses, and improve Council's long term financial sustainability

Action Council has taken to improve its financial position that were incorporated in the Original 2021/22 Budget:

- Refinancing of Council's Kiaora Lands Redevelopment Loan resulting in anticipated annual interest savings of \$0.7m
- Limited increases in discretionary expenditure across the organisation;
- Extending our passenger vehicle fleet replacement cycle from 2.5 years to 4 years, which will save approximately \$3.5 million over 10 years;
- Removal of the 30 minutes free parking on parking meters, with this being replaced by some non-metered 15-30 minutes parking bays being made available in metered parking areas;

Further initiatives being reviewed include:

- Bus Shelter Advertising – potential income commencing 2022/23 of up to \$2million per annum when fully implemented for non-heritage bus shelters and bus shelters in non-heritage areas
- Productivity Improvements/Service Review to identify other areas of the business where cost savings or income generation could be achieved without reducing our commitment to service.
- Special Rate Variation – with the specific aim of generating funding for a pre-determined and agreed outcome i.e. financial sustainability and / or things like Streetscape improvements, environmental initiatives, infrastructure upgrades etc.

Overall Financial Position

The overall result for the September quarterly budget review is an anticipated decrease in Council's 2021/22 Operating Result (including capital grants & contributions) of \$1.49m:

	<b>(Favourable)/ Unfavourable \$'000</b>
COVID-19 - Reductions in Income	3,623
COVID-19 – Net Reduction in Expenditure	(630)
Other – Increases in Income	(1,209)
Other – Net Reduction in Expenditure	(290)
<b>Decrease in Council's Operating Result</b>	<b>1,494</b>

Proposed changes including the utilisation of reserve funds are detailed further in the report and in **Annexure 2**. The resulting forecast movement in Council's working funds position is a decrease for the quarter of \$4k:

	<b>(Favourable)/ Unfavourable \$'000</b>
Decrease in Council's Operating Result	1,494
Increase in Capital Works Budget	1,711
Transfers to/from Reserves	(3,199)
Increase in Depreciation	(2)
<b>Working Funds Movement for Quarter</b>	<b>4</b>

The September 2021 quarterly review forecasts an increase in Council's working funds position for 2021/22 of \$143,752 comprising of the original budget surplus including rollovers of \$147,415, and a deficit in the September review of \$3,663 (rounds to \$4k). This will result in a forecast balance of working funds at 30 June 2022 of \$2,313,866. At \$2,313,866 working funds will be below benchmark level as at 30 June 2021 (Arrears of Rates + Inventory) of \$2,619,000. It is important to remember that we maintain a level of working funds to allow us to respond to issues not foreseen in the budget, and this is certainly one of those times. We will, however, need to implement measures over time to restore working funds to our benchmark or beyond.

A summary of the major or notable variations proposed as a result of COVID-19 in the September Review are provided below. They are based on the information we have to date with some being for the period to 30 September 2021 and others through to December 2021.

<b>Budget Variations - COVID</b>	<b>(Favourable)/ Unfavourable \$</b>
Parking Fine Income	1,688,000
This reduction in income has been partially funded by a transfer from the Property Reserve	(1,100,000)
IPB Processing Fees	(270,000)
Kiaora Place Car Park Income	249,000
This reduction in income has reduced the transfer to Kiaora Reserve	(249,000)
Other Car Park Income	198,000
Carpark recurrent contracts/ collection costs	(131,000)

	<b>(Favourable)/ Unfavourable \$</b>
<b>Budget Variations - COVID</b>	
Parking Meter Income	290,000
Collection Charges	(15,000)
Mobile Bin Services Income	230,000
Tipping charges	(100,000)
Footway Dining Income	277,000
Sportsfield Lease Income	170,000
Rental Income from Kiaora Place Commercial tenants	156,000
This reduction in income has reduced the transfer to Kiaora Reserve	(156,000)
Rental Income from Other Commercial tenants	56,000
Rental Income from Community tenants	76,000

A summary of other major or notable budget variations proposed in the Budget review are provided below.

	<b>(Favourable)/ Unfavourable \$</b>
<b>Other Budget Variations</b>	
Compliance Levy Income	280,000
Reduction in income due to legislative changes from 1 January 2022.	
Interest and Investment Income	207,000
Reduction due to lower interest rates on offer for term deposits.	
Parking Fine Income	188,000
IPB Processing Fees	
Reduction related to the removal of the 30 minute free ticket parking function being completed by 15 September 2021, when it was budgeted to occur from 1 July 2021.	(30,000)
Parking Meter Income	125,000
Reduction related to the removal of the 30 minute free ticket parking function being completed by 15 September 2021, when it was budgeted to occur from 1 July 2021.	
Loss Prevention Recovery Workers Compensation Insurance Income	308,000
Transfer to Insurance Reserve	(308,000)
NSW Fire & SES Operating Grant Income	220,000
NSW Fire & SES Contribution Expense	(441,000)
The budget has been aligned with the actual grant income received and contribution payment required.	
Grants & Contributions – Capital	(1,492,000)
Increase in the capital works budgets for various capital grants in line with expected completion of works this financial year:	
Federal Stimulus Road Safety Program School Zones	900,000
New South Head Rd - William St to Norwich bicycle path	400,000
Trumper Park Pathway renewal	192,000

Further notable movements in capital works projects are detailed on page 11.

The recommended variations to the 2021/22 Budget for the September quarter, result in a change in the forecast unrestricted current ratio from an original budget of 3.37:1 to 3.20:1 forecast for 30 June 2022.

The unrestricted current ratio is used to assess the adequacy of working capital and the ability to satisfy obligations in the short term for the unrestricted activities of Council. The benchmark is that the ratio should not fall below 1.5:1 on an ongoing basis. Council's forecast ratio of 3.20:1 remains sound.

Overall, based on projected levels of restricted cash and liquidity, and having regard to the projected estimates of income and expenditure, Council's Responsible Accounting Officer advises that Council's projected financial position at 30 June 2022 remains satisfactory. However, as previously noted in prior quarterly budget reviews there are significant pressures on Council's budget primarily from COVID-19 impacts, and reduced income from interest earnings and increased expenditure.

As noted above Council implemented a number of initiatives in the 2020/21 budget and continues to proactively identify actions to improve its financial position and long term financial sustainability.

*Income & Expenses Budget Review Statement*

Woollahra Council  
Budget review for the quarter ended 30 September 2021  
Income & Expenses

	ORIGINAL <u>Approved Changes</u>		REVISSED Budget (000's)	Recommended changes for Council Resolution (000's)	PROJECTED year end result		% of REVISED Budget
	21/22 Budget (000's)	Revotes (000s)			21/22 (000's)	ACTUAL YTD (000's)	
<b>Income</b>							
Rates and annual charges	57,730	0	57,730	197	57,927	58,061	100.6%
User charges and fees	12,629	0	12,629	(1,360)	11,269	2,139	16.9%
Other revenue	10,918	0	10,918	(2,141)	8,777	1,799	16.5%
Grants and contributions provided for operating purposes	4,279	113	4,242	895	5,137	914	21.6%
Grants and contributions provided for capital purposes <sup>1</sup>	8,941	2,313	11,404	1,287	12,691	1,947	17.1%
Interest and investment income	700	0	700	(207)	493	134	19.2%
Other income	15,789	0	15,789	(1,085)	14,704	2,845	18.0%
Fair value increment on investment properties	1,100	0	1,100	0	1,100	0	0.0%
<b>Total Income from continuing operations</b>	<b>112,087</b>	<b>2,426</b>	<b>114,513</b>	<b>(2,414)</b>	<b>112,099</b>	<b>67,839</b>	<b>59.2%</b>
<b>Expenses</b>							
Employee benefits and on-costs	47,836	0	47,836	(199)	47,637	11,179	23.4%
Materials and services	36,693	699	37,392	(11)	37,381	8,957	24.0%
Borrowing costs	2,061	0	2,061	0	2,061	-324	-15.7%
Depreciation, amortisation and impairment for non-financial assets	14,247	0	14,247	2	14,249	3,788	26.6%
Other expenses	4,730	0	4,730	(437)	4,293	831	17.6%
Net losses from the disposal of assets	1,087	(51)	1,036	(275)	761	0	0.0%
<b>Total Expenses from continuing operations</b>	<b>106,654</b>	<b>649</b>	<b>107,303</b>	<b>(920)</b>	<b>106,383</b>	<b>24,430</b>	<b>22.8%</b>
<b>Net Operating Result from continuing operations</b>	<b>5,433</b>	<b>1,777</b>	<b>7,210</b>	<b>(1,494)</b>	<b>5,715</b>	<b>43,409</b>	
<b>Net Operating Result before Capital Grants &amp; Contributions</b>	<b>(3,508)</b>	<b>(536)</b>	<b>(4,194)</b>	<b>(2,781)</b>	<b>(6,976)</b>	<b>41,462</b>	
<b>Working Funds Reconciliation:</b>							
				Net Operating Result from continuing operations	(1,494)		
				LESS: Forecast increase in Capital Expenditure	(1,711)		
				Transfers to Reserve from Operating	602		
				ADD:			
				Transfers from Reserves for Operating	2,831		
				Transfers from Reserves for Capital	(233)		
				Increase in Depreciation	2		
				<b>Working Funds Movement</b>	<b>(4)</b>		

Notes:

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISSED Budget  
REVISSED Budget +/- recommended changes this quarter = PROJECTED year end result



<sup>1</sup> The Roads to Recovery Grant is included in Grants and Contributions provided for Capital purposes in the Original Budget, however has been reclassified to Grants and Contributions provided for Operating purposes in the September quarterly budget review to align the disclosure of this grant with the annual financial statements and Local Government Code of Accounting Practice and Financial Reporting. The net impact is \$424k.

The Income & Expenses Budget Review Statement presents a revised forecast decrease in Council's Net Operating Result of \$1.49m. When we exclude Capital Grants & Contributions (we exclude them because capital grants and contributions can only be used on capital projects, i.e. not on Council's day to day expenses) the net result is a decrease in the Net Operating Result before Capital Grants & Contributions of \$2.78m, bringing the total forecast Deficit for 2021/22 to \$6.97m. A reconciliation between the working funds movement and operating result is provided within the Income & Expenses Statement above.

Recommended changes to the Revised Budget

Budget variations being recommended include the following material items:

	Proposed variation Fav / (Unfav)		Details
	\$'000	%	
<b>Income</b>			
Rates & Annual Charges	197	0.3%	Increases in Rates and Annual Charges include the following items of note: <ul style="list-style-type: none"> <li>\$109k increase in Domestic Waste Management Charges &amp; additional waste services</li> <li>\$88k increase in Rates income, predominately in residential rates.</li> </ul>
User Charges & Fees	(1,360)	(10.8%)	Increases in User Charges and Fees include the following items of note: <ul style="list-style-type: none"> <li>\$60k increase in section 4.55 Development Application modification fee</li> <li>\$45k increase in Development Application fee income</li> <li>\$40k increase in Development Application Advertising income</li> </ul> <p>These increases have been offset by the following decreases of note:</p> <ul style="list-style-type: none"> <li>\$579k decrease in Preschool fees (offset by increase in operating grants &amp; contributions for free preschool)</li> <li>\$230k decrease in Mobile Bin Services income (COVID related)</li> <li>\$414k decrease in Parking Meter income (\$290k COVID related, \$125k related to the removal of the 30 minute free ticket parking function being completed by 15 September 2021, when it was budgeted to occur from 1 July 2021).</li> <li>\$280k decrease in Compliance levy income (changes to levy legislated from 1 January 2022)</li> </ul>
Other Revenue	(2,141)	(19.6%)	Increases in Other Revenue include the following items of note: <ul style="list-style-type: none"> <li>\$59k increase in Street Lighting sundry income</li> <li>\$50k increase in Development Control recovered costs</li> </ul> <p>These increases have been offset by the following decreases of note:</p>

	<b>Proposed variation Fav / (Unfav)</b>		<b>Details</b>
			<ul style="list-style-type: none"> <li>\$1,875k reduction in Parking Fine income (\$1,688k COVID related, \$188k related to the removal of the 30 minute free ticket parking function being completed by 15 September 2021, when it was budgeted to occur from 1 July 2021). This reduction in Parking Fine income has been partially funded by a transfer from the Property Reserve of \$1,100k.</li> <li>\$308k reduction in loss prevention recovery workers compensation insurance income. This reduction in income has been funded by decreasing the amount transferred to the Workers Compensation Insurance Reserve.</li> </ul>
Grants & Contributions provided for Operating Purposes	895	21.1%	<p>Increases in Grants &amp; Contributions provided for Operating Purposes include the following items of note:</p> <ul style="list-style-type: none"> <li>\$579k increase in Preschool contribution (for free preschool). This offsets the decrease in Preschool fee income.</li> </ul> <p>This increase has been offset by the following decrease of note:</p> <ul style="list-style-type: none"> <li>\$220k reduction in NSW Fire &amp; SES operating grant - budget aligned with actual grant received</li> </ul>
Grants & Contributions provided for Capital Purposes	1,287	11.3%	<p>Additional Capital Grants &amp; Contributions including:</p> <ul style="list-style-type: none"> <li>\$900k grant for Federal Stimulus Road Safety Program School Zones</li> <li>\$400k additional grant funding for New South Head Rd - William St to Norwich</li> <li>\$192k grant funding for Trumper Park Pathway renewal</li> </ul>
Interest & Investment Income	(207)	(29.6%)	The decrease in Interest and Investment income is due to lower interest rates on offer for term deposits.
Other Income	(1,085)	(6.9%)	<p>Reductions in Other Income are due to:</p> <ul style="list-style-type: none"> <li>\$447k reduction in Carpark income (COVID related) \$249k of which relates to Kiaora Place carpark, this reduction in income has been funded by decreasing the amount transferred to the Kiaora Reserve.</li> <li>\$212k reduction in rental income from Commercial tenants (COVID related). \$156k of this income relates to tenants at Kiaora Place, this reduction in income has been funded by decreasing the amount transferred to the Kiaora Reserve.</li> <li>\$76k reduction in rental income from Community tenants (COVID related)</li> <li>\$170k reduction in Sportsfield lease income (COVID related)</li> <li>\$123k reduction in Footway Dining (\$277k COVID related offset by increase of \$154k as income was under budgeted)</li> <li>\$63k reduction in Venue Hire income (COVID related)</li> </ul>
<b>Total Income variations</b>	<b>2,414</b>	<b>(2.1%)</b>	

	<b>Proposed variation Fav / (Unfav)</b>		<b>Details</b>
<b>Expenses</b>			
Employee benefits and on- costs	199	0.4%	The decrease in Employee benefits and on-costs includes the following items of note: <ul style="list-style-type: none"> <li>• \$117k transferred to Materials &amp; Services in Development Control &amp; Strategic Planning for temporary staff</li> <li>• \$42k SFSR savings in Customer Service</li> <li>• \$40k reduction in overtime for the Trade Waste team (COVID related)</li> </ul>
Materials & Services	11	0.0%	The decrease in Materials & Services include the following items of note: <ul style="list-style-type: none"> <li>• \$300k reduction in IPB processing fees in Compliance from a lower number of infringements being issued (\$270k COVID related, \$30k related to the removal of the 30 minute free ticket parking function)</li> <li>• \$131k reduction in Carpark recurrent contracts/ collection costs due to lower income (COVID related)</li> <li>• \$100k reduction in Trade Waste Tipping charges due to reduced tonnages being collected (COVID related)</li> <li>• \$38k reduction in cleaning costs of venues due to their closure (COVID related)</li> </ul> <p>The above reductions have been offset by the following increases of note:</p> <ul style="list-style-type: none"> <li>• \$150k transfer to Open Space &amp; Trees Material: Goods, for Park &amp; Tree Street Planting. This project has been transferred from the capital budget to the operational budget as the costs get expensed. The project funding has been transferred as well.</li> <li>• \$130k increase in Waste Recycling General contracts due to an increase in processing fees</li> <li>• \$117k transferred from Employee benefits and on-costs in Development Control &amp; Strategic Planning for temporary staff</li> <li>• \$87k increase in Vehicle Parts and Repairs, the largest repair cost is for an overhaul on the tower of a Hino Elevated Work Platform.</li> <li>• \$50k increase in Temporary Staff in Civil Operations for the COVID Beach management Plan for the period through to 1 Dec 2021.</li> </ul>
Depreciation, amortisation and impairment of non- financial assets	(2)	(0.0%)	No material individual items to note
Other Expenses	437	9.2%	The reduction in other expenses is due to: <ul style="list-style-type: none"> <li>• \$441k reduction in NSW Fire &amp; SES Contributions. The budget has been aligned with the actual payment required. This is partially offset by a \$220k reduction in the grant received.</li> </ul>
Net Gain/(Loss) on Sale of Assets	275	26.5%	The increase in Net Gains on Sale of Assets is due to plant vehicle sales being rolled over from the prior year.
<b>Total Expenses variations</b>	<b>920</b>	<b>0.9%</b>	

	<b>Proposed variation Fav / (Unfav)</b>	<b>Details</b>
<b>Total Recommended changes to income and operating expenses</b>	<b>(1,494)</b>	<b>(20.7%)</b>

### Capital Budget Review Statement

The Capital Budget Review Statement below presents recommended changes to both capital expenditure and capital funding. The total increase in capital expenditure arising from recommended changes is \$1,711k, which is offset by a total funding increase of \$1,711k, resulting in no net change to general revenue.

**Woollahra Council**  
Budget Review for the quarter ended 30 September 2021  
Capital Budget

	ORIGINAL	Approved Changes		Recommended changes  Changes	PROJECTED		% of REVISED Budget
	21/22 Budget (000's)	Revotes (000's)	REVISED Budget (000's)		year end result 21/22 (000's)	ACTUAL YTD 21/22 (000's)	
<b>Capital Funding</b>							
Rates and other untied funding	(1,905)	43	(1,899)	(37)	(1,935)	(7,291)	384.0
Capital Grant	(5,748)	(2,313)	(9,771)	(1,711)	(11,482)	(582)	6.0
Roads to Recovery Grant	(275)	(21)	(296)	0	(296)	0	0.0
REPAIR Grant	(297)	0	(297)	0	(297)	0	0.0
Block Grant ROADS	(73)	0	(73)	0	(73)	0	0.0
Transfer from Property Reserve	(2,342)	(1,651)	(3,840)	152	(3,688)	(608)	15.8
Transfer from Open Space & Community Facilities	(300)	(1,459)	(1,759)	0	(1,759)	(230)	13.1
Transfer from Kiaora Reserve	(321)	(167)	(433)	55	(378)	0	0.0
Transfer from Section 94A Levies	(3,162)	(2,089)	(5,205)	46	(5,159)	(370)	7.1
T/fr from Environmental & Infrastructure Levy	(4,179)	(1,647)	(5,768)	57	(5,711)	(761)	13.2
T/fr from Stormwater management Charge	(565)	(127)	(692)	0	(692)	(172)	24.8
Transfer from Computer Reserve	(69)	(61)	(130)	0	(130)	(0)	0.2
Transfer from General Reserve	(381)	(29)	(410)	0	(410)	(26)	6.4
Transfer from Grant Reserve	0	(0)	0	0	0	0	100.0
Transfer from Section 94	(20)	0	(20)	0	(20)	0	0.0
Transfer from DWM Reserve	(39)	(17)	(56)	0	(56)	0	0.0
T/fer from Revotes/Rollovers Reserve	0	(2,023)	(2,023)	0	(2,023)	(77)	3.8
Passenger Vehicles Sales	(137)	(43)	(394)	(214)	(608)	0	0.0
Light Commercial Vehicle Sales	(155)	(8)	(150)	13	(137)	0	0.0
Heavy Vehicles Sales	(150)	0	(224)	(74)	(298)	0	0.0
Misc.Plant/Equip Sales	0	0	0	0	0	0	100.0
Transfer to Plant Reserve	0	0	0	0	0	0	100.0
<b>Total Capital Funding</b>	<b>(20,146)</b>	<b>(11,612)</b>	<b>(33,470)</b>	<b>(1,711)</b>	<b>(35,181)</b>	<b>(10,116)</b>	<b>30.2</b>
<b>Capital Expenditure</b>							
Business Centres Capital	43	0	43	0	43	0	0.0
Depot & Waste Services Capital	0	0	0	0	0	0	100.0
Traffic Infrastructure	460	2,356	4,116	1,300	5,416	2,044	49.7
Flood Plain Management	55	0	55	0	55	27	48.9
Open Space Project Management	50	0	47	(3)	44	4	7.9
Parks & Reserves	3,821	1,207	4,972	(56)	4,916	1,601	32.2
Playgrounds	126	535	661	0	661	545	82.4
Sportsfields	30	98	178	50	228	33	18.6
Streetscapes	4,868	1,013	5,880	0	5,880	140	2.4
Infrastructure Renewal Program	4,313	1,620	5,933	0	5,934	2,093	35.3
Environmental Works Program	835	571	1,348	(58)	1,290	307	22.7
Stormwater Levy Works	780	224	1,164	160	1,324	315	27.0
Computers & Office Equipment	554	216	782	12	794	66	8.5
Commercial/Leased Properties	190	0	207	17	224	4	2.1
Investment Properties	141	0	141	0	141	0	0.0
Kiaora Lands Lease Incentives (Capital)	0	0	0	0	0	0	100.0
Parks / Ovals Buildings	110	330	501	62	563	392	78.3
Depots	60	0	60	0	60	0	0.0
Council Offices	80	394	474	0	474	151	31.9
Community Facilities	705	1,030	1,756	21	1,777	1,166	66.4
Library Buildings	55	0	0	(55)	-55	0	100.0
Car Parks	135	1,024	1,200	40	1,240	1,068	89.0
Library General	343	12	355	0	355	0	0.0
Library - Paddington	101	2	104	0	104	0	0.0
Woollahra Gallery at Redleaf	0	0	31	31	63	0	0.0
Plant Replacement Program	2,292	981	3,462	190	3,652	162	4.7
<b>Total Capital Expenditure</b>	<b>20,146</b>	<b>11,612</b>	<b>33,470</b>	<b>1,711</b>	<b>35,181</b>	<b>10,116</b>	<b>30.2</b>

Details of Recommended Changes

The following table details by project proposed budget variations that are \$50k or greater recommended in the Capital Budget Review Statement. For a full listing of capital project proposed budget variations refer to **Annexure 4**.

Project Name	Current Budget \$'000s	Budget Variation + INCR / (DECR) \$'000s	Revised Budget \$'000s	Detail	Funding Source
Fullerton Street Woollahra btw Wellington Street and Trelawny St	76	110	187	Budget increase requested, transferred from other projects which have underspend.	Externally Restricted - E&IRL Reserve
Rawson Road Rose Bay btw New South Head Road and the End	224	84	308	Budget increase requested, transferred from other projects which have underspend.	Externally Restricted - E&IRL Reserve
Cranbrook Lane - Stairs Reconstruction	155	(73)	82	Project costs estimate is below budget, savings to be transferred to projects which have overspend.	Externally Restricted - E&IRL Reserve
Johnstons Lookout, Vaucluse, Hoptoun Ave to 63A New South Head Rd	225	(58)	167	Project costs estimate is below budget, savings to be transferred to projects which have overspend.	Externally Restricted - E&IRL Reserve
Eastbourne Reserve upgrade - Retaining wall replacement and landscaping	136	(50)	86	Transfer to project 01482 Sportsfields	Externally Restricted - s.7.12 Developer Contributions
Major Sports Surface Renovations	0	50	50	Transfer from project 01673 Eastbourne Reserve upgrade	Externally Restricted - s.7.12 Developer Contributions
Federal Stimulus Road Safety Program School Zones	0	900	900	NSW and Federal Government Road Safety Program Funding	Grants & Contributions
New South Head Rd, William St - Norwich Rd	1,078	400	1,478	Additional grant funding received	Grants & Contributions
Trumper Park Pathway renewal	192	192	384	Metropolitan Greenspace grant	Grants & Contributions
Watsons Bay Flood Diversion Wall - new stormwater diversion	178	160	338	Budget increase requested to progress the project	Internally Restricted - Property Reserve
Rose Bay Toilet	236	50	286	Budget increase requested due to additional works for sewer connection	Internally Restricted - Property Reserve
Passenger Vehicles Purchases	308	214	522	Plant vehicle purchases rolled over from the prior year	Vehicle Sales
Heavy Vehicles Purchases	1,220	86	1,306	Plant vehicle purchases rolled over from the prior year	Vehicle Sales
Park & Street Tree Planting (LGA wide)	150	(150)	0	Project is operational in nature, budget has been transferred to the operating budget	Grants & Contributions
Kiaora Place-Shelves bases/skirting	55	(55)	0	Works were undertaken last financial year, budget is not required	Internally Restricted - Kiaora Reserve
Chester St Embankment landscaping	56	(56)	0	Project is operational in nature, budget has been transferred to the operating budget	Externally Restricted - s.7.12 Developer Contributions
Heavy Vehicles Purchases (Mitsubishi Canter)	90	(90)	0	Vehicle is not going to be replaced this year	Internally Restricted - Property Reserve & Vehicle Sales

In addition to the Income and Expenses and Capital Budget Review Statements above, Council's Balance Sheet and Reserve levels summarise the results of the budget review and appear as **Annexures 1 and 2** respectively.

Cash and Investments Budget Review Statement

The Cash and Investments Budget Review Statement combines Council's restricted cash reserves with total cash and investments from the Balance Sheet to show any impact on unrestricted available cash.

The Cash and Investments Budget Review Statement shown below carries the net total of recommended changes to the Budget through to the Unrestricted and Available Cash Balances. It also shows the various movements in restricted cash recommended in the Budget Review.

As reported in the Monthly Financial Report presented to the Finance, Community & Services Committee at this meeting, Council's total investment portfolio is invested in accordance with Council's Investment Policy and the bank reconciliation to 31 October 2021 has been completed.

**Woollahra Council**  
**Budget review for the quarter ended 30 Sep 2021**  
**Cash & Investments**

	ORIGINAL	Approved Changes		Recommended changes for Council Resolution (000's)	PROJECTED	ACTUAL YTD (000's)
	21/22 Budget (000's)	Revotes (000s)	REVISED Budget (000's)		year end result 21/22 (000's)	
<b>Unrestricted</b>	6,326	0	6,326	(4)	6,322	3,518
<b>Externally Restricted</b>						
Section 7.11 Contributions	1,449	0	1,449	0	1,449	1,468
Section 7.12 Contributions	3,966	(2,089)	1,877	(10)	1,867	6,093
Unexpended Grants	17	(17)	0	0	0	17
Environmental & Infrastructure Levy	1,755	(1,647)	108	9	118	5,468
Stormwater Levy	129	(127)	2	0	2	524
Domestic Waste	4,045	(17)	4,028	109	4,138	7,091
<b>Total Externally Restricted</b>	<b>11,362</b>	<b>(3,898)</b>	<b>7,464</b>	<b>109</b>	<b>7,574</b>	<b>20,660</b>
<b>Internally Restricted</b>						
Employee Leave Entitlements	2,822	0	2,822	0	2,822	2,740
Plant Replacement	0	0	0	0	0	0
Insurance	193	0	193	0	193	193
Workers Compensation Insurance	427	0	427	(308)	119	119
Computer	61	(61)	(0)	0	(0)	61
Library IT	512	(26)	486	0	486	515
Election	0	0	0	0	0	360
Deposits	30,045	0	30,045	0	30,045	32,394
Kindergarten	587	0	587	(4)	583	544
Property	13,689	(1,681)	12,008	(948)	11,060	14,943
Open Space & Community Facilities	1,508	(1,459)	48	0	48	1,267
Kiaora Place Reserve	4,463	(167)	4,296	(345)	3,952	3,582
Loan Funds	1,694	0	1,694	(1,694)	0	1,694
Revotes & Rollovers	2,788	(2,584)	203	0	203	2,975
Oxford Street	297	0	297	(12)	285	297
Open Space Projects	30	(29)	1	0	1	311
Property Development	19	0	19	0	19	119
General Reserve	1,358	0	1,358	0	1,358	1,545
<b>Total Internally Restricted</b>	<b>60,492</b>	<b>(6,007)</b>	<b>54,486</b>	<b>(3,310)</b>	<b>51,176</b>	<b>63,660</b>
<b>Total Restricted</b>	<b>71,854</b>	<b>(9,904)</b>	<b>61,950</b>	<b>(3,200)</b>	<b>58,749</b>	<b>84,320</b>
<b>Total cash and investments</b>	<b>78,180</b>	<b>(9,904)</b>	<b>68,275</b>	<b>(3,204)</b>	<b>65,071</b>	<b>87,838</b>
<b>Available Cash</b>	<b>6,326</b>	<b>0</b>	<b>6,326</b>	<b>(4)</b>	<b>6,322</b>	<b>3,518</b>

**Notes:**

The **available cash** position excludes restricted funds. External restrictions are funds that must be spent for a specific purpose and cannot be used by Council for general operations. Internal restrictions are funds that Council has determined will be used for a specific future purpose.

ORIGINAL Budget +/- approved budget changes in previous quarters = REVISED Budget  
REVISED Budget +/- recommended changes this quarter = PROJECTED year end result

Budget Review Contracts and Other Expenses Statement

The Budget Review Contracts and Other Expenses Statement, provided in **Annexure 3**, requires Council to disclose ‘Contracts’ and ‘Consultancy and Legal Expenses’ as part of the Quarterly Budget Review.

As per requirements set out by the Office of Local Government, the Contracts disclosure includes:

- Contracts that were entered into during the quarter under review but have not been fully performed or completed; and
- Have a value equal to or more than \$50,000, (or, 1% of Council’s estimated income from continuing operations).

Contracts for employment and contracts entered into from Council’s “preferred contracts list” are not included.

The consultancy and legal expenses disclosure shows year to date budget and year to date expenditure for these items.

**Conclusion:**

The September 2021 quarterly review forecasts an increase in Council’s working funds position for 2021/22 of \$143,752 comprising of the original budget surplus including rollovers of \$147,415, and a deficit in the September review of \$3,663 (rounds to \$4k).

The review projects a revised forecast decrease in Council’s Net Operating Result of \$1.49m. When we exclude Capital Grants & Contributions (we exclude them because capital grants and contributions can only be used on capital projects, i.e. not on Council’s day to day expenses) the net result is a decrease in the Net Operating Result before Capital Grants & Contributions of \$2.78m, bringing the total forecast Deficit for 2021/22 to \$6.97m. The Capital Budget Review Statement shows an increase in capital expenditure of \$1,711,469 and an increase in funding of \$1,711,469. Changes giving rise to these variations have been detailed in the report.





The Balance Sheet (**Annexure 1**) shows liquidity at 3.20:1 with working funds position at 30 June 2022 of \$2,313,866.

Having regard to the original estimates of income and expenditure, and the proposed variations, the projected restricted cash levels and liquidity position indicate that Council’s overall financial position will remain satisfactory at 30 June 2022, however as previously noted to Council there are a number of pressures on Council’s budget including COVID-19 impacts, and reduced income from interest earnings. Council’s financial flexibility to mitigate the impact of these by drawing on Reserves is reducing and proactive corrective measures need to be actioned to improve our financial sustainability.

In order to improve Council’s financial sustainability, Council has implemented a number of measures and is reviewing additional initiatives as outlined in this report at page 3.

At the time of writing this report, Sydney’s SAHO’s restrictions are easing, however there is some uncertainty on how long the financial impacts of COVID-19 will last. Therefore, the budget variations proposed within the September quarterly review are based on the information we have to date, some of which may change as more information becomes available or there are further changes announced by the State or Federal Governments.

**Annexures**

1. Forecast Balance Sheet as at 30 June 2022 [↓](#) 
2. Forecast 30 June 2022 Reserve Levels as at 30 Sep 2021 [↓](#) 
3. Budget Review Contracts and Other Expenses Statement [↓](#) 
4. Capital Budget Proposed Project Variations as at 30 Sep 2021 [↓](#) 



**BUDGET 2021/22**

**Balance Sheet**

	Actual 20/21	20/21 Revotes	Revote & Rollovers into 21/22	21/22 Budget	Original Budget & Revotes	September Review 21/22	September Review 21/22
<b>Current Assets</b>							
Cash & Investments	80,409,730	(9,904,465)	70,505,265	(2,229,819)	68,275,446	(3,204,119)	65,071,327
Receivables	5,243,461		5,243,461		5,243,461		5,243,461
Inventories	337,730		337,730		337,730		337,730
Other	1,515,069		1,515,069		1,515,069		1,515,069
	<b>87,505,990</b>	<b>(9,904,465)</b>	<b>77,601,525</b>	<b>(2,229,819)</b>	<b>75,371,706</b>	<b>(3,204,119)</b>	<b>72,167,587</b>
<b>Current Liabilities</b>							
Payables	41,658,885		41,658,885		41,658,885		41,658,885
Interest Bearing Liabilities	3,530,843		3,530,843	132,868	3,663,711		3,663,711
Provisions	14,335,140		14,335,140	767,158	15,102,298		15,102,298
Other	1,212,400		1,212,400		1,212,400		1,212,400
	<b>60,737,268</b>	<b>0</b>	<b>60,737,268</b>	<b>900,026</b>	<b>61,637,294</b>	<b>0</b>	<b>61,637,294</b>
<b>NET CURRENT ASSETS</b>	<b>26,768,722</b>	<b>(9,904,465)</b>	<b>16,864,257</b>	<b>(3,129,845)</b>	<b>13,734,412</b>	<b>(3,204,119)</b>	<b>10,530,293</b>
<b>Non-Current Assets</b>							
Receivables	85,393		85,393		85,393		85,393
Inventories & Other Assets	915,210		915,210	(181,517)	733,693		733,693
Investment Properties	168,450,000		168,450,000	1,100,000	169,550,000		169,550,000
Property, Plant & Equipment	909,538,234	11,681,194	921,219,428	3,980,442	925,199,870	1,709,772	926,909,642
	<b>1,078,988,837</b>	<b>11,681,194</b>	<b>1,090,670,031</b>	<b>4,898,925</b>	<b>1,095,568,956</b>	<b>1,709,772</b>	<b>1,097,278,728</b>
<b>Non-Current Liabilities</b>							
Interest Bearing Liabilities	63,978,621		63,978,621	(3,663,711)	60,314,910		60,314,910
Provisions	632,299		632,299		632,299		632,299
Other	973,026		973,026		973,026		973,026
	<b>65,583,946</b>	<b>0</b>	<b>65,583,946</b>	<b>(3,663,711)</b>	<b>61,920,235</b>	<b>0</b>	<b>61,920,235</b>
<b>NET ASSETS</b>	<b>1,040,173,613</b>	<b>1,776,729</b>	<b>1,041,950,342</b>	<b>5,432,792</b>	<b>1,047,383,133</b>	<b>(1,494,347)</b>	<b>1,045,888,786</b>
<b>EQUITY</b>							
Opening Equity	545,867,212		546,494,125		546,494,125		546,494,125
Asset Revaluation Reserves	493,679,488		493,679,488		493,679,488		493,679,488
Operating Result	626,913		1,776,729		7,209,521		5,715,174
Closing Equity	<b>1,040,173,613</b>	<b>0</b>	<b>1,041,950,342</b>	<b>0</b>	<b>1,047,383,133</b>	<b>0</b>	<b>1,045,888,786</b>
<b>Working Funds</b>							
Current Assets	26,768,722		16,864,257		13,734,412		10,530,293
ADD:							
Current Prov'n for ELE	14,335,140		14,335,140		15,102,298		15,102,298
Current Deposits	34,220,000		34,220,000		34,220,000		34,220,000
Current Loan Liability	3,530,843		3,530,843		3,663,711		3,663,711
LESS:							
External Restrictions	(11,766,083)		(7,868,559)		(7,464,368)		(7,573,532)
Internal Restrictions	(62,465,508)		(56,458,567)		(54,485,524)		(51,175,904)
Restricted Assets & Liabilities	(2,453,000)		(2,453,000)		(2,453,000)		(2,453,000)
	<b>2,170,114</b>	<b>0</b>	<b>2,170,114</b>	<b>0</b>	<b>2,317,529</b>	<b>0</b>	<b>2,313,866</b>
<b>Movement in Working Funds</b>			<b>0</b>		<b>147,415</b>		<b>(3,663)</b>
<b>Unrestricted Current Ratio</b>	<b>3.94</b>		<b>3.62</b>		<b>3.37</b>		<b>3.20</b>
<b>Current Assets - External Restrictions</b>	<b>74,474</b>		<b>68,467</b>		<b>66,641</b>		<b>63,328</b>
<b>Current Liabilities - Restricted Liabilities</b>	<b>18,897</b>		<b>18,897</b>		<b>19,797</b>		<b>19,797</b>

WOOLLAHRA MUNICIPAL COUNCIL  
Forecast Restricted Cash Balances - 30th June 2022

Externally Restricted Cash	REVOTES			ORIGINAL BUDGET & REVOTES				SEPTEMBER REVIEW				
	Purpose	Restricted Cash Balance June 21	Transfers From	Closing Balance Jun 22	Transfer To	Interest Earned	Transfers From	Closing Balance Jun 22	Transfer To	Interest Earned	Transfers From	Closing Balance Jun 22
Section 7.11 Contributions	1,467,902		1,467,902	0	1,500	19,951	1,449,451					1,449,451
Section 7.12 Contributions	5,097,476	2,089,435	3,008,041	2,700,000	6,000	3,837,205	1,876,836				9,707	1,867,129
Unexpended Grants	17,117	17,117	0				0					0
Environmental & Infrastructure Levy	1,729,926	1,646,945	82,981	4,483,767		4,458,543	108,205				(9,427)	117,632
Stormwater Levy	203,041	126,927	76,114	490,500		565,000	1,614					1,614
Domestic Waste:												
General Reserve	2,162,150	17,100	2,145,050	833,623		38,882	2,939,791	109,444				3,049,235
Employee Leave Entitlements	1,088,471		1,088,471				1,088,471					1,088,471
	<b>11,766,083</b>	<b>3,897,524</b>	<b>7,868,559</b>	<b>8,507,890</b>	<b>7,500</b>	<b>8,919,581</b>	<b>7,464,368</b>	<b>109,444</b>	<b>0</b>	<b>280</b>		<b>7,573,532</b>

Internally Restricted Cash

Purpose	Restricted Cash Balance June 21	Transfers From	Closing Balance Jun 22	Transfer To	Interest Earned	Transfers From	Closing Balance Jun 22	Transfer To	Interest Earned	Transfers From	Closing Balance Jun 22
Employee Leave Entitlements	2,740,244		2,740,244	82,223			2,822,466				2,822,466
Plant Replacement	128		128				128				128
Insurance	192,558		192,558				192,558				192,558
Workers Compensation Insurance	119,012		119,012	308,000			427,012	(308,000)			119,012
IT Reserve											
General Reserve	61,297	61,297	(0)				0				0
Library IT	514,778	26,000	488,778	66,000		68,642	486,135				486,135
Election	360,436		360,436			360,000	436				436
Deposits	30,044,818		30,044,818				30,044,818				30,044,818
Preschool											
General Reserve	412,185		412,185	15,566			427,751	(4,000)			423,751
Employee Leave Entitlements	131,841		131,841	27,580			159,421				159,421
Property	15,670,573	1,680,530	13,990,043	360,000		2,342,000	12,008,043			947,815	11,060,228
Open Space & Community Facilities	1,807,576	1,459,369	348,207			299,731	48,476				48,476
Kiaora Place Reserve	3,582,492	166,597	3,415,895	1,519,704		639,268	4,296,331	(399,700)		(55,000)	3,951,631
Loan Funds	1,693,585		1,693,585				1,693,585			1,693,585	0
Revotes & Rollovers	3,052,029	2,584,300	467,729			264,309	203,420				203,420
Oxford Street	296,686		296,686				296,686			11,520	285,166
Open Space Projects	310,783	28,848	281,935			281,167	768				768
Property Development	119,000		119,000			100,000	19,000				19,000
General Reserve											
Public Art Gallery	356,900		356,900				356,900				356,900
FAG Prepayment	852,664		852,664				852,664				852,664
Old Section 94	92,140		92,140				92,140				92,140
General	53,784		53,784	3,000			56,784				56,784
	<b>62,465,508</b>	<b>6,006,941</b>	<b>56,458,567</b>	<b>2,382,073</b>	<b>0</b>	<b>4,355,116</b>	<b>54,485,524</b>	<b>(711,700)</b>	<b>0</b>	<b>2,597,920</b>	<b>51,175,904</b>
<b>Total Restricted Cash</b>	<b>74,231,591</b>	<b>9,904,465</b>	<b>64,327,126</b>	<b>10,889,963</b>	<b>7,500</b>	<b>13,274,697</b>	<b>61,949,892</b>	<b>(602,256)</b>	<b>0</b>	<b>2,598,200</b>	<b>58,749,436</b>

## Woollahra Council

Budget review for the quarter ended - 30 September 2021

### Contracts

Contractor	Contract detail & purpose	Contract value (\$) (Incl. GST)	Commencement date	Duration of contract	Budgeted (Y/N)	Explanation if not included in the budget
Mack Civil Pty Ltd	Separated bi-directional cycleway and pedestrian path along the Rose Bay promenade	\$ 636,458	1/07/2021	6 months	Y	
Aspect Studios Pty Ltd	Knox Street Plaza - Consultancy Services	\$ 281,405	27/07/2021	3 months	Y	
Synthetic Grass and Rubber	Dillon Street Softfall	\$ 55,464	30/08/2021	3 months	Y	

#### Notes

1. Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.
2. Contracts to be listed are those entered into during the quarter and have yet to be fully performed, excluding contractors that are on Council's preferred supplier
3. Contracts for employment are not required to be included.
4. Where a contract for services etc was not included in the budget, an explanation is to be given (or reference made to an explanation in another Budget Review Statement).

*This disclosure forms part of Woollahra Council's Quarterly Budget Review and should be read in conjunction with other documents in the Quarterly Budget*

Woollahra Council

Budget review for the quarter ended - 30 September 2021

Consultancy and Legal expenses

Expense	Budget YTD \$	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	483,933	215,895	Y
Legal Fees	405,500	392,177	Y
<b>Total Consultancies &amp; Legal Fees</b>	<b>889,433</b>	<b>608,072</b>	

Definition of consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision-making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

**NOTES:**

Council engages consultants as part of delivering capital projects but does not budget specifically for them, rather budgets for the project as a whole. To avoid distorting budget and year to date expenditures above, they have been limited to Council's operating budget. Where any expenses for Consultancy or Legal fees have not been budgeted for, an explanation is provided below:

N/A

*This disclosure forms part of Woollahra Council's Quarterly Budget Review and should be read in conjunction with other documents in the Quarterly Budget Review.*

### Capital Budget Proposed Project Variations as at 30 September 2021

The following table details by project the proposed budget variations that are recommended in the Capital Budget Review Statement.

Project No	Project Name	Budget Variation + INCR / (DECR) \$'000s	Detail	s.7.12 Developer Cont'ns \$'000s	Externally Restricted \$'000s	Internally Restricted \$'000s	Grants & Cont'ns \$'000s	Working Funds \$'000s	Vehicle Sales \$'000s
<b>BUDGET FUNDING REALLOCATION BETWEEN PROJECTS / FUNDING SOURCES</b>									
01658	Glenmore Road, at Campbell Street Paddington - Traffic and Pedestrian upgrade	0	Grant funding obtained, funding from internally restricted reserves is no longer required			(180)	180		
01659	Dover Road, at Carlisle Street - Traffic and Pedestrian Upgrade	0	Grant funding obtained, funding from internally restricted reserves is no longer required			(180)	180		
01585	Fullerton Street Woollahra btw Wellington Street and Trelawny St	110	Budget increase requested, transferred from other projects which are listed below.		110				
01601	Rawson Road Rose Bay btw New South Head Road and the End	84	Budget increase requested, transferred from other projects which are listed below.		84				
01527	Ormond St, Paddington, Olive St to Oxford St - Footpath reconstruction	6	Budget increase requested, transferred from other projects which are listed below.		6				
01644	81-89 Wolseley Road Point Piper	5	Budget increase requested, transferred from other projects which are listed below.		5				
01666	Cranbrook Lane - Stairs Reconstruction	(73)	Project costs estimate is below budget, savings to be transferred to projects listed above.		(73)				
01667	Johnstons Lookout, Vaucluse, Hopetoun Ave to 63A New South Head Rd	(58)	Project costs estimate is below budget, savings to be transferred to projects listed above.		(58)				

Project No	Project Name	Budget Variation + INCR / (DECR)	Detail	s.7.12 Developer Cont'n's	Externally Restricted	Internally Restricted	Grants & Cont'n's	Working Funds	Vehicle Sales
01586	Court Road Double Bay btw Manning Road and Kiaora Road	(36)	Project completed with savings, savings to be transferred to projects listed above.		(36)				
01665	Preston Avenue btw NSH Rd and Fairfax Rd - Stairs Reconstruction	(25)	Project costs estimate is below budget, savings to be transferred to projects listed above.		(25)				
01588	Glendon Road Double Bay btw Carlotta Road to the End	(10)	Project costs estimate is below budget, savings to be transferred to projects listed above.		(10)				
00163	Plan and control the E&IR Program	(2)	Project completed with savings, savings to be transferred to projects listed above.		(2)				
01591	Wunulla Road Point Piper btw Wyuna Road and New South Head Rd	(2)	Transfer to 01589 Ocean Avenue Double Bay btw Holt Street and New South Head Rd		(2)				
01589	Ocean Avenue Double Bay btw Holt Street and New South Head Rd	2	Transfer from 01591 Wunulla Road Point Piper btw Wyuna Road and New South Head Rd			2			
01673	Eastbourne Reserve upgrade - Retaining wall replacement and landscaping	(50)	Transfer to 01482 Sportsfields	(50)					
01482	Major Sports Surface Renovations	50	Transfer from 01673 Eastbourne Reserve upgrade	50					
01611	Cooper Park Rehabilitation	(37)	Transfer to 01614 Cooper Park Creek Wall	(37)					
01614	Cooper Park Creek Wall	37	Transfer from 01611 Cooper Park Rehabilitation	37					
00054	POS Project Management	(3)	Transfer to 01613 Nursery Improvements	(3)					
01613	Nursery Improvements - For volunteer works	3	Transfer from 00054 POS Project Management	3					

Project No	Project Name	Budget Variation + INCR / (DECR)	Detail	s.7.12 Developer Cont'ns	Externally Restricted	Internally Restricted	Grants & Cont'ns	Working Funds	Vehicle Sales
01639	Electric Vehicles	(10)	Transfer to Light Commercial Vehicle Purchases		(10)				
N/A	Light Commercial Vehicle Purchases	10	Transfer from 01639 Electric Vehicles					10	
<b>TOTAL BUDGET FUNDING REALLOCATION BETWEEN PROJECTS/ FUNDING SOURCES</b>		<b>0</b>		<b>0</b>	<b>(9)</b>	<b>(360)</b>	<b>360</b>	<b>10</b>	<b>0</b>
<b>INCREASE IN CAPITAL WORKS BUDGET</b>									
01653	Federal Stimulus Road Safety Program School Zones	900	NSW and Federal Government Road Safety Program Funding				900		
01304	New South Head Rd, William St - Norwich Rd	400	Additional grant funding received				400		
01678	Trumper Park Pathway renewal	192	Metropolitan Greenspace grant				192		
01409	Watsons Bay Flood Diversion Wall - new stormwater diversion	160	Budget increase requested to progress the project			160			
01360	Rose Bay Toilet	50	Budget increase requested due to additional works for sewer connection			50			
01276	Rose Bay Car Park - Redevelopment	40	Budget increase requested			40			
N/A	Woollahra Gallery at Redleaf	31	Budget transferred from the Woollahra Gallery at Redleaf operating budget					31	
01707	Cooper Park Tennis Sewer Works	17	Budget requested for urgent works required			17			
01446	Preschool expansion	16	Contract security monies withheld till the end of the contract were mistakenly returned back to property reserves in FY20/21. As these will be required to be released to the contractor, a budget variation has been submitted.			16			
01622	Croquet Club	12	Budget increase requested			12			
01367	E J Ward Centre	10	Contract security monies withheld			10			

Project No	Project Name	Budget Variation + INCR / (DECR)	Detail	s.7.12 Developer Cont'ns	Externally Restricted	Internally Restricted	Grants & Cont'ns	Working Funds	Vehicle Sales
			till the end of the contract were mistakenly returned back to property reserves in FY20/21. As these will be required to be released to the contractor, a budget variation has been submitted.						
01616	Vaucluse War Memorial	10	Budget increase requested	10					
01578	Servers and storage refresh	9	Budget increase requested due to additional expenditure for Woollahra Gallery Wifi access points					9	
01547	Sherbrooke Hall	5	Contract security monies withheld till the end of the contract were mistakenly returned back to property reserves in FY20/21. As these will be required to be released to the contractor, a budget variation has been submitted.			5			
01577	Laptops refresh	3	Budget increase requested due to laptops purchased for Woollahra Gallery					3	
01371	St Brigids	2	Budget transferred from Horticultural Projects operating budget			2			
N/A	Passenger Vehicles Purchases	214	Plant vehicle purchases rolled over from the prior year						214
N/A	Heavy Vehicles Purchases	86	Plant vehicle purchases rolled over from the prior year						86
<b>TOTAL INCREASE IN CAPITAL WORKS</b>		<b>2,158</b>		<b>10</b>	<b>0</b>	<b>312</b>	<b>1,492</b>	<b>44</b>	<b>300</b>
<b>DECREASE IN CAPITAL WORKS BUDGET</b>									
00443	Park & Street Tree Planting (LGA wide)	(150)	Project is operational in nature, budget has been transferred to				(150)		



Project No	Project Name	Budget Variation + INCR / (DECR)	Detail	s.7.12 Developer Cont'ns	Externally Restricted	Internally Restricted	Grants & Cont'ns	Working Funds	Vehicle Sales
			the operating budget						
01700	Kiaora Place-Shelves bases/skirting	(55)	Works were undertaken last financial year, budget is not required			(55)			
01679	Chester St Embankment landscaping	(56)	Project is operational in nature, budget has been transferred to the operating budget	(56)					
01490	Energy Conservation & Carbon Reduction Projects	(48)	Project is operational in nature, budget has been transferred to the operating budget		(48)				
01545	Sir David Martin Reserve - Cottage	(7)	Project complete, remaining budget returned			(7)			
01633	Cooper Park Community Hall Design	(6)	Grant funding increased by \$14k and \$20k funding from internally restricted reserves is no longer required.			(20)	14		
01287	Sunshine Wattle Population Protection	(6)	Project is operational in nature, budget has been transferred to the operating budget				(6)		
N/A	Heavy Vehicles Purchases (Mitsubishi Canter)	(90)	Vehicle is not going to be replaced this year			(78)			(12)
N/A	Light Commercial Vehicle Purchases (Toyota Hi Lux Utility)	(30)	Vehicle is not going to be replaced this year					(17)	(13)
<b>TOTAL DECREASE IN CAPITAL WORKS</b>		<b>(447)</b>		<b>(56)</b>	<b>(48)</b>	<b>(160)</b>	<b>(141)</b>	<b>(17)</b>	<b>(25)</b>
<b>TOTAL VARIATIONS</b>		<b>1,711</b>		<b>(46)</b>	<b>(57)</b>	<b>(207)</b>	<b>1,711</b>	<b>37</b>	<b>275</b>



**Item No:** R2 Recommendation to Council

**Subject:** **CONFIRMATION OF THE MINUTES OF THE WOOLLAHRA PLAQUES ADVISORY COMMITTEE WEDNESDAY 29 SEPTEMBER 2021**

**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

**File No:** 21/206772

**Reason for Report:** The Minutes of the Woollahra Plaques Advisory Committee of 29 September 2021 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

**Recommendation:**

- A. THAT the Minutes of the Woollahra Plaques Advisory Committee Meeting of 29 September 2021 be taken as read and confirmed.
- B. THAT the recommendations of the Woollahra Plaques Advisory Committee be adopted regarding the selection of nominations for the Woollahra Plaque Scheme 2021, to be unveiled in 2022: James Charles (Jim) Bancks; Frederic Lassetter; Sir Mungo MacCallum; Sir Alexander MacCormick; Nellie Stewart and William Warrell.

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**Background:**

This report outlines the meeting held by the Woollahra Plaques Advisory Committee (WPAC) on Wednesday 29 September 2021 (see Annexure 1).


**Key discussion points at the Woollahra Plaques Advisory Committee (WPAC) meeting:**

- Members of the Advisory Committee selected the following six nominations from a total of eight which had been identified for further research by Local History staff, prior to making recommendations to Council for plaques for unveiling in 2022. All six nominations are to honour people who have made a significant contribution to the development of Australia and its culture and/or the local area. The six nominations selected are as follows:
  - James Charles (Jim) Bancks – cartoonist and creator of the comic strip ‘Ginger Meggs’
  - Frederic Lassetter – Merchant and retail innovator
  - Sir Mungo MacCallum – Vice-Chancellor and Chancellor of Sydney University and noted academic
  - Sir Alexander MacCormick – Eminent surgeon
  - Nellie Stewart – Prominent actor of stage and film
  - William Warrell – Aboriginal elder

Staff reported that, at the request of the Advisory Committee, the Chair of the La Perouse Local Aboriginal Land Council and the General Manager of the Gujaga Foundation had been approached regarding the nomination of a plaque commemorating William Warrell, and have communicated their support.

- Staff reported the advice of the General Manager, sought at the request of the Advisory Committee, regarding the appointment of representatives to committees for the coming term. The General Manager had requested that the present representatives continue in their role until after the December 2021 local government elections, indicating that the timing of calls for expressions of interest would be announced in due course.
- At the request of the Advisory Committee, staff established and reported on the volume of web traffic received by the webpage commemorating the Beatles' Sydney concerts in 1964. Between the unveiling on 16 June and 31 August 2021, 197 views had been made of the page and 92 views made of the video of the unveiling.
- Staff reported on progress with the plan to hold a Plaque retrospective exhibition in the Council Chambers in early 2022, and on the investigation of options for an online interactive map displaying Plaque sites.
- The possibility of holding unveiling ceremonies in the final months of 2021 for plaques awarded to commemorate Sir William Dumaresq and Dame Joan Sutherland OM, AC, DBE was discussed, and staff were requested to prepare risk assessments based on the Public Health Order.
- The Committee expressed its appreciation to Councillor Marano, Chair of the Plaques Committee, for his leadership.
- The next meeting of the Woollahra Plaques Advisory Committee will be held in the first week of July 2022

## Annexures

1. Woollahra Plaques Advisory Committee meeting - Minutes Wednesday 29 September 2021 [↓](#) 



## Woollahra Plaques Advisory Committee



# Minutes

Wednesday 29 September 2021

## Woollahra Plaques Advisory Committee Minutes

Wednesday 29 September 2021

- Present: Councillors:** Councillor Anthony Marano (Chair)
- Community Representatives:** Christopher Dawson  
Adrian Gruzman (left meeting at 7.00pm)  
Graham Humphrey
- Staff:** Patricia Occelli (Director Community & Customer Experience)  
Corinna Pierce (Acting Manager Woollahra Libraries)  
Joan Ruthven (Woollahra Libraries Community Programs Coordinator)  
Jane Britten (Local History Team Leader)  
Elizabeth Hartnell (Local History Librarian)  
Barbara Swebeck (Local History Officer)
- Others:** Nil
- Meeting opened:** 6:00pm held using teleconferencing technology

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Woollahra Plaques Advisory Committee Minutes

29 September 2021

**1. Opening**

**2. Acknowledgement of Country**

**3. Apologies**

Apologies were received from the Mayor (Councillor Susan Wynne) and from Councillor Peter Cavanagh, Sophia Hart, Chis Howe, Camilla Strang.

Staff apologies: Nil

**4. Declarations of Interest**

Nil

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**5. Late Correspondence**

Votes for the nominations under consideration were received in advance of the meeting from Councillor Cavanagh and Sophia Hart with their apologies, and from Adrian Gruzman in anticipation of a curtailed attendance.

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**6. Confirmation of Minutes**

**Item No:** 6.1  
**Subject:** CONFIRMATION OF WOOLLAHRA PLAQUES ADVISORY COMMITTEE MINUTES 27 JULY 2021  
**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

Graham Humphrey moved that the minutes of the meeting held on 27 July 2021 be accepted (seconded by Christopher Dawson). The Minutes were accepted by the meeting.

**(Humphrey/Dawson)**

**Recommendation:**

THAT the Minutes of the Woollahra Plaques Advisory Committee held on 27 July 2021 be confirmed.

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**7. Items for Discussion**

**Item No:** 7.1  
**Subject:** MATTERS ARISING FROM PREVIOUS MINUTES  
**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

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29 September 2021

In matters arising from the previous meeting :  
Staff reported that at the request of the Advisory Committee, the advice of the General Manager had been sought regarding the timing of the appointment of representatives to committees. The General Manager had requested that the present representatives continue in their role until after the December 2021 local government elections, and indicated that the timing of calls for expressions of interest would be announced in due course.

Staff reported that at the request of the Advisory Committee, the Chair of the La Perouse Local Aboriginal Land Council and the General Manager of the Gujaga Foundation had been approached and communicated support for the nomination of a plaque commemorating William Warrell.

At the request of the Advisory Committee, staff established the volume of web traffic received by the webpage created for the plaque commemorating the Beatles' Sydney concerts, 1964 reporting that between 16 June and 31 August 2021, 197 views had been made of the webpage and 92 views of the video of the unveiling.

Progress with the proposal by Library staff to mount an exhibition of past Plaque unveilings was reported by staff. It is anticipated that this will be displayed in the *Redleaf* Customer Services area in February 2021. It has been confirmed that an electronic display can be accommodated in that space, and a Plaque Retrospective is proposed in this format.

In response to the Committee's request for consideration of COVID-safe walks devised to highlight existing plaque installations, Library staff reported that the Plaque map on the website has been subsequently promoted through the Library's social media channels. The possibility of merging references points for plaque sites with the sites of local art installations on an interactive map is being explored by the Library's Programs coordinator in conjunction with Council's Senior Graphic Designer for Communications and Engagement.

Further research undertaken by Local History staff on short-listed nominations for the award of plaques in 2021 was reported for discussion.

**Recommendation:**

THAT the business arising from the previous minutes be received and noted.

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**Item No:** 7.2  
**Subject:** **RECOMMENDATION OF SUCCESSFUL NOMINATIONS FOR PLAQUES FOR 2021**  
**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

Following voting by members of the Woollahra Plaque Advisory Committee within the meeting or cast beforehand, the six nominations confirmed for recommendation to Council as the potential recipient of a plaque were:

James Bancks (1889-1952) Cartoonist and creator of the comic strip 'Ginger Meggs'  
Frederic Lassetter (1828-1911) Merchant, publisher and retailer



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Sir Mungo William MacCallum KCMG (1854-1942) Vice-Chancellor of the University of Sydney and noted academic.

Sir Alexander MacCormick KCMG (1856-1947) Renowned surgeon

Eleanor (Nellie) Stewart (1858-1931) actress and singer

William Warrell (179?-1863) Aboriginal Elder

**Recommendation:**

THAT the Committee makes recommendations to Council for consideration of nominations to be awarded a plaque in 2021 under the Woollahra Council Plaque Scheme, to be unveiled in 2022.

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**Item No:** 7.3  
**Subject:** **DETERMINE PLAQUE UNVEILING DATES OVER THE COMING 12 MONTHS**  
**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

In the case of several of the successful nominations, more than one potential plaque location was proposed for consideration, and after discussion it was agreed that recommendations should not be finalised without site visits to inspect the comparative suitability. Site inspections to be organised by Local History staff in conjunction with Civil Operations.

A proposed time-table for the unveiling of plaques in 2022, based on dates significant to the subjects of the successful nominations, was put forward by Library staff for consideration by the Committee. Discussion among the Committee led to some adjustment of the original proposals, the outcome being the following schedule for recommendation to Council:

February	Friday 25	Sir Mungo MacCallum	Date of birth 26 February 1854
April	Friday 8	Nellie Stewart	Sydney opening of <i>Sweet Nell</i> 1927
May/June	Date TBC	William Warrell	Reconciliation Week 2022
July	Friday 29	Sir Alexander MacCormick	Date of birth 31 July 1854
September	Date TBC	Frederic Lassetter	Re-named firm as <i>Lassetter's</i> , 1863
November	Date TBC	James Bancks	'Ginger Meggs' launched November 1921

**Recommendation:**

THAT the Committee makes recommendations to Council for consideration of dates and placement for the unveiling of nominations to be awarded a plaque in 2021 under the Woollahra Council Plaque Scheme with the unveilings to be held in 2022, taking into account dignitaries availability.

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**Item No:** 7.4

Woollahra Municipal Council  
Woollahra Plaques Advisory Committee Minutes

29 September 2021

**Subject: OTHER BUSINESS**

**Authors:** Joan Ruthven, Library Community Programs Coordinator  
Jane Britten, Local History Librarian

- A. Following discussion of the two outstanding plaque unveilings for 2021, for William Dumaresq and Dame Joan Sutherland OM, AC, DBE, originally scheduled for 15 October 2020 and 17 November 2021 respectively, it was agreed that Library staff will complete a risk assessment for each, based on NSW Public Health Orders and restrictions - COVID-19, regarding the holding of public events, and that the outcome will be reported to the Committee. Councillor Marano proposed two alternate dates, Friday 22 or Friday 29 October for the unveiling of the plaque for William Dumaresq, in order to take advantage of the greater freedoms to be introduced after the 70% double vaccination rate comes into effect, possibly from the 11 October 2021.
- B. Following confirmation by Council of the recommendations of the Woollahra Plaques Advisory Committee for the award of 2021 plaques under the Woollahra Plaque Scheme, to be unveiled in 2022, Library staff are to action the following steps:
- Inform all nominators of the outcomes of applications
  - Advise Council's Engineering services of all plaque inlays required
  - Obtain quotes from Cunneen Signs for the appropriate number of plaques

**Recommendation:**

- A. THAT the Committee gives consideration to the postponement of plaque unveilings for William Dumaresq and Dame Joan Sutherland OM, AC, DBE dependent on health guidelines regarding the holding of public events.
- B. THAT the Committee receives and notes the dates for the next steps for 2022 plaque nominations.

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**8. General Business**

Nil

**9. Advisings**

The Committee was reminded that nominations are currently open for the award of plaques in the Woollahra Plaque Scheme for 2022, and members requested to continue to promote the scheme.

Christopher Dawson asked that his appreciation for the leadership of Councillor Marano as Chair of the Woollahra Plaques Advisory Committee be placed on record, and this was seconded by Graham Humphrey and generally endorsed by members of the committee.

**(Humphrey/Dawson)**

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**10. Next Meeting**

The next meeting of the Woollahra Plaques Advisory Committee is scheduled for the first week of July 2022 on a date to be advised.

There being no further business the meeting concluded at 7.29pm.



**Item No:** R3 Recommendation to Council

**Subject:** **SUBMISSION TO THE PROPOSED RISK MANAGEMENT AND INTERNAL AUDIT GUIDELINES FOR NSW COUNCILS**

**Author:** Cheryle Burns, Manager - Business Assurance & Improvement

**Approvers:** Sue Meekin, Director Corporate Performance  
Craig Swift-McNair, General Manager

**File No:** 21/207273

**Reason for Report:** To seek endorsement of Council's submission to the Office of Local Government's on their Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW.

**Recommendation:**

- A. THAT Council authorise the General Manager to make a submission, attached as **Annexure 1**, to the Office of Local Government on their Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW.
- B. THAT upon commencement of the new Guidelines for the Risk Management and Internal Audit Framework (the Framework) a further report be tabled at a future meeting of Council, detailing any gaps between Council's existing Framework and the new Framework, including a plan for how Council will transition to the new Framework in line with timelines determined by the Office of Local Government.

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**Background:**

At its meeting of 23 August 2021, Council considered a report in relation to a review of the Audit, Risk & Improvement Committee's Charter and Internal Audit Charter. In that report, Council was advised of new guidelines being developed by the Office of Local Government (OLG) to assist in implementing the Risk Management and Internal Audit Framework for Local Councils in NSW (the Framework). The Risk Management & Internal Audit Guidelines for Local Councils in NSW (the Guidelines) have now been released and as committed to in the report to the 23 August 2021 Council meeting, the Guidelines are now being reported to Council.

On 18 August 2021 proclamation was made to Sections 428A and 428B of the Local Government Act 1993 (the Act). Section 428A requires each Council to establish an Audit, Risk and Improvement Committee (ARIC) to continuously review and provide independent advice to the General Manager and the governing body of the Council on the following aspects of the Council's operations:

- compliance,
- risk management,
- fraud control,
- financial management,
- governance,
- implementation of the community strategic plan, delivery program and strategies,
- service reviews,
- collection of performance measurement data by the Council,
- any other matters prescribed by the regulations.

The new Framework will be governed by regulations and Guidelines for risk management and internal audit for local Councils in NSW. These will prescribe the minimum standards for each Council's ARIC, risk management framework and internal audit function.

The OLG is seeking the views and feedback of Councils and other stakeholders on the draft Guidelines prior to finalising them. A copy of Council's draft submission on the draft Guidelines is at **Annexure 1**.

#### **Discussion:**

A discussion paper, *A New Risk Management and Internal Audit Framework for Local Councils in NSW*, was released in late 2019 on the proposed model. OLG received over 150 submissions from the local government sector and risk management and internal audit practitioners in response to the discussion paper.

OLG has refined the proposed model in response to this feedback. In August 2021, OLG released its final 'Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW', attached as **Annexure 2**. A summary of the changes made to the original model proposed in the discussion paper is provided as **Annexure 3**.

OLG are again seeking the views and feedback of Councils and other stakeholders on the draft *Guidelines for risk management and internal audit for local Councils in NSW* prior to finalising them with submissions required to be made by 26 November 2021.

As noted above, Council's draft submission to the revised Guidelines is attached, as **Annexure 1** and it reflects the views of Council's staff and has been reviewed by Council's ARIC. For reference, the Council's first submission made during the initial consultation phase in 2019/2020 is attached as **Annexure 4**. Rather than repeating the comments by Council staff on the draft Guidelines here, **Annexure 1** provides detail relating to the key questions, comments and matters that have been raised by Council staff.

The following transitional timelines for implementation of the Framework have been determined by the OLG, being from June 2022 to 2027:





- *All Councils must appoint an ARIC from 4 June 2022*
- *All Councils have until 2024 to establish their risk management framework and internal audit function – attestation commences 2024*
- *Councils have until 2027 to ensure ARIC membership complies with the Guidelines, allowing Councils to transition into the new membership requirements as and when membership of existing ARICs expire – attestation commences 2027.*

As advised to Council at its meeting on 23 August 2021, the proposed Guidelines will likely require amendments to the Charters in place for Council's ARIC and Internal Audit Function. The proposed Guidelines also require metropolitan Councils to have three (3) independent members with one being the Chair. Council currently have two (2) independent members with one being the Chair.

At its meeting of 26 July 2021 Council extended the current Committee members to 30 June 2022. This provided Council with their experience and knowledge of the workings of Council to assist it in meeting any new requirements that are anticipated when the proposed Framework is adopted.

On release of the final Guidelines by the OLG a gap analysis between Council's existing Framework and the new Framework will be presented to Council together with an action plan to ensure compliance in accordance the implementation timeline determined by the OLG.

### **Annexures**

1. Draft Submission - Draft Risk Management and Internal Audit Guidelines [↓](#) 
2. OLG Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - August 2021 [↓](#) 
3. OLG Summary Guide of changes made to original model proposed in discussion paper [↓](#) 
4. Woollahra Municipal Council submission made to OLG in 2019 (initial consultation) [↓](#) 



Council Ref:  
Your Ref: 21/219685

29 October 2021

Ms Melissa Gibbs  
Director  
Office of Local Government  
Locked Bag 3015  
NOWRA NSW 2541

Dear Ms Melissa Gibbs

**Response to Consultation Paper - Risk Management &  
Internal Audit Guidelines for Local Councils in NSW**

Thank you for the opportunity to provide some comments for a draft submission to the Office of Local Government (OLG) latest *Risk Management & Internal Audit Guidelines* (the Guidelines), dated August 2021. Council has considered the Guidelines and provides the following response.

The information shown below in *italics*, are statements taken directly from the Guidelines, with Council Management comments following. The statements below in **bold** are the Council Management response / request to the OLG relating to the matter at hand.

[Annual Attestation](#): (Pages 10-11)

The following statement appears on Page 11:

*If the chair disagrees with the content of the attestation statement prepared by the general manager or executive officer, they may prepare their own report and submit this to the Secretary DPIE.*

There is no explanation as to what would compel a Chair to prepare their own report.

**Some guidance on what would compel a Chair to prepare their own report relating to the Attestation Statement is required.**

On Page 10, it states that the Attestation Statement by the GM is reported to Council as part of the Annual Report. Council management raises no issue with this, however if a Chair of an ARIC decides to draft their own report in relation to the Attestation Statement, this goes directly to the Secretary DPIE and bypasses the governing body altogether.

**If a Chair of an ARIC chooses to prepare their own report relating to the Attestation Statement, then for completeness, the Chair should be required to table their report at a formal meeting of Council for noting, prior to the Attestation Statement being sent to the Secretary DPIE.**



**Further, Council management is supportive of the Attestation template and Determination template.**

[Exemptions:](#) (Page 11)

The following statement appears on Page 11:

*There may be times where a council or joint organisation will not be able to comply with all requirements relating to its audit, risk and improvement committee, risk management framework or internal audit function.*

**Council management would suggest that a checklist / template is prepared by the OLG for use by Councils or joint organisations to assist in ensuring that all requirements are met.**

**Core requirement 1:**

[Guiding Principles:](#) (Page 13)

The following statement appears on Page 13:

*The committee adds value to the council and is held accountable by the governing body for its performance.*

Council management raises no issue with the intent, however it is unclear throughout the document how in fact, the governing body holds the ARIC accountable.

**Clear guidance is required in relation to how the governing body holds the ARIC accountable for their performance i.e. it is not enough to simply have an annual or once-a-Council-term review of their performance, if there are no stated consequential actions. Measurement is the key and we would suggest that the OLG establishes a set of generic performance measures to allow comparison between Councils and / or joint organisations.**

[Workplans:](#) (Page 14-15)

The following statement appears on Page 14:

*To maintain the independence of the audit, risk and improvement committee, the governing body of the council must be careful when adopting the strategic workplan not to direct the committee's work over the council term.*

Words included above about the Council needing to be careful not to direct the work of the ARIC are in practice of little assistance to the GM or the ARIC in managing this issue.

**Clear guidance is required that details what in fact the governing body are approving when it comes to the workplan i.e. is the report to Council simply for noting or endorsement rather than debate and possible change via resolution of Council? If a Council does resolve in some other manner than was included in the workplan, what recourse does the ARIC have?**

The following statements appear on Pages 14 & 15:

*The audit, risk and improvement committee may, in consultation with the council's governing body vary the annual work plan to address new or emerging risks.*

*The governing body of the council may also, by resolution, request the committee to approve a variation to the annual work plan. However, any decision to vary the annual work plan will rest with the committee.*

*When considering whether to vary the annual work plan, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the annual work plan.*

**Clear guidance is required on what 'consultation' means in this context i.e. between the ARIC and the Council. Due to the fact that only formal meetings of Council are where the governing body makes decisions, does this mean that the Chair of the ARIC must table a report at a Council meeting to discuss varying the workplan?**

**When the governing body resolves to request the ARIC to make a change to the annual workplan and the ARIC does not agree to do this, is there a formal mechanism whereby the Chair reports this decision back to the governing body? Is this mechanism to take the form of a formal report to be tabled at a future Council meeting or via some other mechanism?**

**Measurement is the key and we would suggest that the OLG establishes a set of generic performance measures to allow comparison between Councils and / or joint organisations.**

**Council management would suggest that a checklist / template is prepared by the OLG for use by Councils or joint organisations for both the Annual Assessment and Strategic Assessment.**

[Providing Advice to the Governing Body:](#) (Page 16)

The following statements appear on Page 16:

*The nature and content of the audit, risk and improvement committee's quarterly updates is to be determined by the governing body and the committee.*

*It could simply be providing a copy of the audit, risk and improvement committee's meeting minutes to the governing body if appropriate, or something more formal such as a report for noting by the governing body, or a face-to-face meeting between the committee, governing body and general manager to discuss important issues that have been identified.*

**Perhaps the form & content of the report from the ARIC to the governing body should be included in the Terms of Reference for the ARIC or some similar document that is adopted by the government body, just to ensure there is no confusion about what should and should not be included in the quarterly report to Council.**

[Annual Assurance Meeting](#): (Page 17)

The following statement appears on Page 17:

*It would be beneficial for the audit, risk and improvement committee, governing body and general manager to come together annually to discuss the committee's annual assessment of the council, how the council proposes to respond to the committee's recommendations for corrective actions and other important internal audit and risk management matters. The governing body may wish to hold an extraordinary or additional meeting each year for this purpose.*

Under the title of Workplans as found on Page 14 (and as mentioned earlier in this document), there is a statement that the governing body must be careful not to direct the work of the ARIC. However, when it comes to the annual assurance meeting, it is being encouraged that the General Manager, the governing body and the ARIC come together to discuss how Council will respond to the committee's recommendations and what corrective actions might be taken. It is considered that this is effectively allowing the governing body to direct some of the work of the ARIC and to some degree the work of the organisation.

**Clear guidance is required on what involvement the governing body should have in directing what corrective actions may or may not be required by the Council staff and / or to the ARIC. Council management would suggest that a template is prepared by the OLG for use by Councils and / or joint organisations in this regard.**

**In addition, there is discussion in the Guidelines (Page 33) about confidentiality. In light of this, is the annual assurance meeting an open meeting of Council or is it a meeting and report that should be considered as confidential?**

[Tier 3 Councils:](#) (Page 21)

**With regard to membership, noting that Woollahra Municipal Council falls into Tier 3 – General Purpose Council, there is support for including one non-voting Councillor on the ARIC as a conduit back to the governing body.**

The following statement appears on Page 21:

*The governing body is to determine the exact size of the audit, risk and improvement committee (3-5 members) in consultation with the chair of the committee and general manager, taking into account the needs and risk profile of the council, and likely workload of the committee.*

**Is it to be assumed that the decision is to be made by the governing body about the size and make-up of the ARIC is to be done via a formal report to Council, prior to the Council considering the final draft of the Terms of Reference, which are required to be resolved by Council?**

[Independence Requirements:](#) (Pages 23-25)

**The independence requirements as detailed for all members of the ARIC are supported.**

**For clarity, is only a prequalified person able to be Chair of the ARIC (assuming they are prequalified as a Chair), as opposed to a non-prequalified person being able to be the Chair?**

[Membership Terms – Voting Members:](#) (Page 26)

The following statement appears on Page 26:

*The initial term of membership on an audit, risk and improvement committee is four-years (one council term).*

**In light of the fact that the term of this next Council will be around 2 years & 9 months, will a Council who wishes to implement the Guidelines from 2022-2023, be able to determine that the initial term of the ARIC members will be shorter than the regular 4-year term?**

[Councillor Members:](#) (Page 29)

The following statements appear on Page 29:

*Councillor members of audit, risk and improvement committees must conduct themselves in a non-partisan and professional manner.*

*Councillor members of committees must not engage in any conduct that seeks to politicise the activities of the committee or the internal audit function or that could be seen to do so.*

*Where councillor members of audit, risk and improvement committees engage in such conduct or in any other conduct that may bring the committee and its work into disrepute, the chair may recommend to the council, that the councillor member be removed from membership of the committee.*

*Where the council does not agree to the chair's recommendation, it must give reasons for its decision in writing to the chair.*

**What safeguards will be put in place for the Chair of the ARIC to ensure that Councillor members do not behave in a partisan, unprofessional and politicised manner?**

**Is a breach of these behaviours to be considered a breach of the Code of Conduct? If so, under what mechanism will a potential Code of Conduct complaint be lodged with the General Manager? Is it to be by the Chair of the ARIC?**

[Minutes:](#) (Page 32)

**With minutes of the ARIC meetings being provided to the governing body, is it assumed that only the confirmed minutes of the ARIC meeting are to be provided to the governing body. If that were the case, the confirmed minutes to the governing body would potentially be 6 months old by the time they see them (assuming the ARIC meets quarterly), as the ARIC must confirm the minutes at their next meeting.**

[Confidentiality:](#) (Page 33)

The following statements appear on Page 33:

*It is at the discretion of the governing body of the council whether audit, risk and improvement committee agendas, business papers, minutes and other reports are made available to the public.*

*Given the sensitivity of information it is likely to contain, it is recommended that all information pertaining to the audit, risk and improvement committee and internal audit activities is to be treated as confidential unless otherwise determined by the committee or a resolution of the council.*

It is confusing to provide both pieces of advice as detailed above. On the one hand, the above states that it is at the discretion of the governing body as to whether information relating to the ARIC is confidential. However, in the next statement, it says that due to the likely sensitivity of the information, all information pertaining to the ARIC should be treated as confidential.

**Can clear guidance please be provided as to whether information pertaining to the ARIC should be treated as confidential or not, thereby ensuring consistency of approach across local government in NSW.**

**Further to the above, if information pertaining to the ARIC is not considered confidential, then what safeguards will be put in place for preventing open debate at**

**Council meetings about items that come from the ARIC and what is in place to prevent the Council resolving in a different manner to that agreed to by the ARIC? Further, will the OLG be providing guidance to Councils in relation to GIPA in the event that Councils receive a GIPA application for open or confidential matters, if Council chooses to treat all audit, risk & improvement committee and internal audit activities as confidential?**

[Council Staff:](#) (Page 33-34)

The following statement appears on Page 34:

*Any disputes between the general manager and audit, risk and improvement committee regarding access to council staff are to be resolved by the governing body.*

The above statement makes a mockery of one of the governing principles of local government in NSW, where the governing body can only direct the General Manager through resolutions of Council, noting that the governing body cannot direct the staff of a Council.

**How is it proposed that the governing body would be able to resolve disputes relating to which staff the ARIC can have access to? Does this mean that a governing body can resolve to force the General Manager to allow the ARIC to have access to certain staff, even though the General Manager has already disallowed this?**

[Disputes:](#) (Page 34):

The following statement appears on Page 34:

*In the event of a disagreement between the audit, risk and improvement committee and the general manager or other senior managers (for example, about findings or recommendations of audits), the dispute is to be resolved by the governing body of the council.*

**Without any clear guidance on how the governing body is supposed to resolve a dispute between the ARIC and the General Manager or senior Managers, then this referral to the governing body of Council of disputes, should be opposed.**

**What mechanism will be put in place for such disputes to be managed? Is it anticipated that the Chair of the ARIC will table a report on the dispute at a Council meeting for resolution by the Council? What role does the General Manager play in any such report to Council (if indeed that is the mechanism for dealing with such disputes) and how does the OLG propose to ensure procedural fairness in such matters?**

[Learning and Development:](#) (Page 35)

The following statement appears on Page 35:

*Audit, risk and improvement committee chairs and members are encouraged to keep informed of current developments and to maintain and develop the skills, knowledge and capabilities necessary to exercise their functions effectively.*

**Clarification is requested as to whether this clause intends for Council to be required to invest in learning and development of the ARIC Committee as a whole.**

[Review of Committee Performance:](#) (Page 36-37)

**Support the ARIC review criteria as documented on Page 36.**

**Council management would suggest that a template is prepared by the OLG for the review of Committee Performance for use by Councils and / or joint organisations.**

The following statement appears on Page 37:

*When conducting the review, the governing body is to consider feedback on each member's performance by the chair and councillor member of the committee and the general manager.*

**If the governing body is to consider feedback on each ARIC member's performance, then is this to be done at a formal meeting of Council in a closed, confidential meeting considering the individual and personal nature of this feedback? Further, will the OLG be providing guidance to Councils with regard to GIPA, in the event that Councils receive a GIPA application for access to the ARIC members performance?**

[Resignation of Committee Members:](#) (Pages 37-38)

The following statement appears on Page 38:

*The notice period is to be agreed by the governing body of the council and the committee.*

**The notice period for the resignation of a member should be included in the Terms of Reference template that is adopted by the governing body. This would then mean that there would be consistency across the State in the way this is managed.**

**Core requirement 2:**

[Internal audit function – review & assurance:](#) (Page 47)

The following statement appears on Page 47:

*Council's internal audit function is responsible for reviewing and providing advice to the audit, risk and improvement committee and the council on the effectiveness of the council's risk management framework.*

*Given the need to maintain the independence and objectivity of the internal audit function, the following boundaries are to apply with respect to the role of the internal audit function in relation to the council's risk management framework...*

**The need to maintain independence and objectivity of the internal audit function is supported, with a range of boundaries to be put in place.**

[Review & Reporting – Quarterly reporting, annual assessment and strategic assessment:](#)  
(Page 48)

The following statements appear on Page 48:

*Quarterly reporting*

*Each council is to ensure its risk management framework is regularly monitored and reviewed to ensure it is relevant, effective and complies with the current Australian risk management standard.*

*Annual assessment*

*Each council's risk management function is to conduct an annual self-assessment of the council's risk management framework.*

*Strategic assessment*

*The audit, risk and improvement committee and general manager should discuss the strategic assessment and action plan with the governing body at the council's strategic assurance meeting held each council term.*

**Council management would suggest that templates for the quarterly reporting, annual assessment and strategic assessment are prepared by the OLG for use by Councils and / or joint organisations, to enable consistency across Councils and / or Joint Organisations.**

[Review & Reporting – Performance Measures:](#) (Page 49)

The following statements appear on Page 49:

*To ensure the effectiveness of council's risk management activities can be regularly monitored and reviewed, each council must ensure that it:*

- *assigns performance targets to risk management activities that can be measured against goals and objectives, and*
- *can obtain the data needed to measure the impact of the council's risk management framework.*

**The need for performance measures is strongly supported, however it is recommended that the OLG provide guidance on what the specific performance measures should be, so there is consistency of approach across local government in NSW.**



**Core requirement 3:**

[Outsourced internal audit function:](#) (Page 58-59)

**A list of advantages and disadvantages are listed on Pages 58 & 59, of having an outsourced internal audit function. However, there is no mention of the fact that an outsourced internal audit function can potentially offer greater independence and this should be included as one of the advantages of having an outsourced internal audit function. The sharing of resources across Councils and / or joint organisations for this function (as listed on page 60) is noted.**

[Head of an outsourced internal audit function:](#) (Page 59)

**Support the key responsibilities for the head of the outsourced internal audit function. The sharing of resources across Councils and / or joint organisations for this function (as listed on page 60) is noted.**

[Audit reports:](#) (Pages 62-63)

Page 63 lists a range of actions required to be taken by senior management as a result of audit reports.

**There is support for this approach; however, what is missing is any reference to ensuring that such actions / action plans are incorporated into the annual Operational Plan, which is the plan under the Integrated Planning & Reporting (IPR) framework that details what actions the Council will be undertaking in any given year.**

**It is considered important for the guidelines to include reference to the IPR framework and to reinforce the importance of the annual Operational Plan in being the guiding document for each Council on an annual basis.**

[Ongoing monitoring:](#) (Page 63)

The following statements appear on Page 63:

*The audit, risk and improvement committee can raise any concerns it has that may arise between meetings with the governing body via an additional report where needed. The chair of the committee can also request to meet with the mayor.*

*This will ensure that the governing body is fully aware of significant emerging risks posed to the council.*

**There is support for the ARIC being able to raise concerns between meetings with the governing body and that the Chair can request to meet with the Mayor. However, there is no reference in this discussion about the ARIC or the Chair raising their concerns with the General Manager in the first instance, prior to raising their concerns with the governing body or the Mayor.**

**In an attempt to limit the governing body and / or the Mayor directing the work of the ARIC and therefore the operation of the organisation, some mention should be included here around the governing body not directing the work of the ARIC.**

[Reporting concerns about Councillors or Council staff:](#) (Page 66)

The following statements appear on Page 66:

*Given the nature of internal audit, there may times where the internal audit function identifies concerns about the conduct of council staff.*

*Where the head of the internal audit function has concerns regarding a staff member, they can:*

- *raise their concerns with the chair of the audit, risk and improvement committee (if it relates to the effectiveness of the internal audit function)*

**There is no circumstance where it would be appropriate for the head of the internal audit function to raise staff issues directly with the chair of the ARIC, without as a minimum, the General Manager being aware of these concerns in the first instance. The ARIC has no role to play in the day-to-day management of Council staff and reporting such issues directly to the Chair of the ARIC could impact procedural fairness for the individual and may cause industrial relations issues. This should not be considered as an option open to the head of internal audit. If there are issues or concerns about the General Manager, then these should be raised directly with the Mayor and handled appropriately via the Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW.**

We look forward to the release of the new Guidelines by the Office of Local Government in due course and thank you once again for the opportunity to make a submission.

Should the OLG seek further feedback from Woollahra Council or wish to clarify any points raised in this letter, please do not hesitate to contact Sue Meekin, Director Corporate Performance on (02) 9391 7014 or email [sue.meekin@woollahra.nsw.gov.au](mailto:sue.meekin@woollahra.nsw.gov.au)

Yours sincerely,

Craig Swift-McNair  
General Manager

# RISK MANAGEMENT AND INTERNAL AUDIT for local councils in NSW

## Guidelines

August 2021



## **GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT FOR LOCAL COUNCILS IN NSW**

2021

### **ACCESS TO SERVICES**

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# Background

## Background

The *Local Government Act 1993* ('Local Government Act') and the *Local Government (General) Regulation 2005* ('Local Government Regulation') require each council in NSW to have:

- an audit, risk and improvement committee that continuously reviews and provides independent advice to the council on how it is functioning and managing risk
- a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations, and
- an effective internal audit function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.

These three mandatory governance mechanisms are a vital part of the NSW Government's plan to ensure that councils are doing things the best way they can for their communities and are on track to delivering their community's goals and objectives.

Communities themselves will ultimately be the greatest beneficiaries.

If implemented effectively, audit, risk and improvement committees, risk management and internal audit will lead to councils:

- achieving their strategic objectives in the most efficient, effective and economical manner
- having better and more efficient levels of service delivery
- having increased accountability and transparency
- achieving better decision-making and having the confidence to make difficult decisions
- having increased financial stability
- achieving and maintaining compliance with all laws, regulations, internal policies and procedures, and
- better safeguarding their public assets.

## Purpose

These guidelines have been developed to assist councils, county councils and joint organisations to comply with statutory requirements under the Local Government Act and Local Government Regulation.

They also seek to strengthen risk management and internal audit practices in NSW councils by setting a minimum standard that reflects a 'best practice' approach.

The Guidelines have been issued under the Local Government Regulation (clause #tbc) which confers on the Secretary of the Department of Planning, Industry and Environment, ('Secretary DPIE'), the power to issue guidelines on the appointment and operation of audit, risk and improvement committees and the implementation by councils, county councils and joint organisations of risk management and internal audit activities.

Councils are required under the Local Government Regulation to comply with these Guidelines when establishing and operating their audit, risk and improvement committees, risk management framework and internal audit functions.

They replace the NSW Government's *Internal Audit Guidelines for Local Government in NSW* issued in 2010.

The three core requirements outlined in the Guidelines reflect international standards and the recommendations and opinions of internal audit practitioners, councils, councillors, audit, risk and improvement committee members, risk management practitioners, government agencies, experts and community members.

They are also informed by practices in other Australian jurisdictions and give effect to the recommendations of the:

- Independent Commission Against Corruption in its inquiries into Burwood Council (2011) and Botany Bay Council (2017)



- Local Government Acts Taskforce in its review of the *Local Government Act 1993* (2013)
- Independent Local Government Review Panel in its *Revitalising Local Government* inquiry (2013), and
- various performance audits and other reviews conducted by the NSW Auditor-General since 2010.

Based on these recommendations:

- the core requirements outlined in the Guidelines relating to the operation of a council's audit, risk and improvement committee have been modelled on the *Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08)* developed by NSW Treasury and best practice in the public and private sectors
- the core requirements relating to risk management have been modelled on the current Australian risk management standard, *AS/NZS ISO 31000:2018 Risk Management – Guidelines*, and
- the core requirements relating to a council's internal audit function have been modelled on the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* (the 'International Professional Practices Framework') and best practice in the public and private sectors.

The framework balances these professional standards and best practice approaches with the unique structure, needs and operating environments of metropolitan, regional and rural councils, county councils and joint organisations across NSW.

The release of these Guidelines follows an extensive consultation process. The Office of Local Government thanks all the individuals, councils and bodies involved in the development of the risk management and internal audit regulatory framework.

### Further resources

There has been a wide range of information and guidance developed in recent times by government agencies, experts, practitioners and other bodies to help organisations establish effective audit, risk and improvement

committees, risk management frameworks and internal audit functions.

As a starting point, a list of further resources has been included at the end of each core requirement. These resources provide practical information and tools such as examples, templates, checklists and sample documents that councils may find useful when implementing these Guidelines.

### Terminology

When a joint organisation is applying these Guidelines, it should substitute the term "council" for "joint organisation", "governing body" for "board", "chairperson" for "mayor", "voting representative" for "councillor" and "executive officer" for "general manager" and "annual report" for "annual performance statement", where appropriate.

Where a county council is applying these guidelines, it should substitute the terms "county council" for "council" and "member" for "councillor", where appropriate.

## Statutory framework

The Local Government Act and Local Government Regulation provide the statutory foundations and prescribe the desired outcomes for councils' audit, risk and improvement committees, risk management frameworks and internal audit functions.

Relevant provisions of the Local Government Act and Local Government Regulation are detailed below.

## Guiding principles of local government

The guiding principles of the Local Government Act (sections 8A, 8B and 8C) require each council to carry out its functions in a way that provides the best possible value for residents and ratepayers.

The guiding principles also specify that councils are to:

- spend money responsibly and sustainably, and align general revenue and expenses
- invest in responsible and sustainable infrastructure for the benefit of the local community
- effectively manage their finances and assets and have sound policies and processes for performance management and reporting, asset maintenance and enhancement, funding decisions, and risk management practices
- ensure the current generation funds the cost of its services and achieves intergenerational equity, and
- manage risks to the local community, area or council effectively and proactively.

## Role of the governing body

To achieve these guiding principles, the Local Government Act (section 223) provides that the role and responsibilities of the governing body include:

- directing and controlling the affairs of the council in accordance with the Local Government Act

- ensuring, as far as possible, the financial sustainability of the council
- ensuring, as far as possible, that the council complies with the guiding principles of the Local Government Act
- keeping the performance of the council under review
- making the decisions necessary to ensure the council properly exercises its regulatory functions, and
- being responsible for ensuring that the council acts honestly, efficiently and appropriately.

## Role of the general manager

The Local Government Act (section 335) provides that the general manager is responsible for:

- conducting the day-to-day management of the council in accordance with the strategic plans, programs, strategies and policies of the council – this includes establishing the council's organisational structure and appointing and dismissing council staff (section 332)
- implementing, without undue delay, the lawful decisions of the council
- advising the governing body on the development and implementation of the council's plans, programs, strategies and policies, and
- ensuring that the mayor and other councillors are given timely information and advice and the administrative and professional support necessary to effectively discharge their functions.

The Local Government Regulation (clause 209) also requires the general manager to ensure that:

- the council complies with all legal financial obligations, including the keeping of accounting records
- effective measures are taken to secure the effective, efficient and economical management of financial operations within each division of the council's administration

- authorised and recorded procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure and secure the accuracy of the accounting records, and
- lines of authority and the responsibilities of members of the council's staff for related tasks are clearly defined.

## Role of a joint organisation

The Local Government Act establishes joint organisations as a strategic regional body of councils.

The role and responsibilities of a joint organisation under the Local Government Act (section 400R) are to:

- establish regional priorities for the joint organisation area and strategies and plans to deliver these priorities
- provide regional leadership for the joint organisation area and advocate for strategic regional priorities, and
- identify and take-up opportunities for intergovernmental cooperation.

Joint organisations also deliver services and provide assistance to, or on behalf of, councils, and councils are able to delegate certain functions to their joint organisation (sections 355, 379 and 400S).

The Local Government Act (section 400Y) provides that the Executive officer of a joint organisation is to:

- conduct the day-to-day management of the joint organisation in accordance with the strategic regional priorities and other plans, programs, strategies and policies of the organisation, and
- appoint, direct and dismiss staff.

## Audit, risk and improvement committee

The Local Government Act (section 428A) requires each council to establish an audit, risk and improvement committee to continuously

review and provide independent advice to the general manager and the governing body of the council on:

- whether the council is complying with all necessary legislation, regulations and other legal requirements
- the adequacy and effectiveness of the council's risk management framework, fraud and corruption prevention activities, financial management processes, and the council's financial position and performance
- the council's governance arrangements
- the achievement by the council of the goals set out in the council's community strategic plan, delivery program, operational plan and other strategies
- how the council delivers local services and how it could improve the performance of its functions more generally
- the collection of performance measurement data by the council, and
- any other matters prescribed by the Local Government Regulation (including internal audit).

The Local Government Act (section 428B) allows councils to establish a joint audit, risk and improvement committee with other councils including through joint or regional organisations of councils.

The Local Government Regulation (clause #tbc):

- requires each council to appoint an audit, risk and improvement committee comprising of a chair and two or more other persons as specified by these Guidelines
- allows councils and joint organisations to share committees
- requires the Chair and other members of an audit, risk and improvement committee to satisfy the eligibility requirements outlined in these Guidelines
- allows councils to appoint a councillor who satisfies the eligibility requirements outlined in these Guidelines as a non-voting member of its committee
- allows joint organisations to appoint a voting representative of the board who satisfies the eligibility requirements

- outlined in these Guidelines as a non-voting member of its committee
- requires each committee to operate in accordance with terms of reference adopted by the council, based on the approved Model Terms of Reference contained in these Guidelines, and
  - requires councils to provide their committee with direct and unrestricted access to the general manager and other senior staff and any information and resources necessary to undertake its role.

For the purposes of section 428A(2)(i) of the Local Government Act, councils' and joint organisations' audit risk and review committees are to also keep internal audit activities under review.

The requirements for audit, risk and improvement committees in these Guidelines are detailed in core requirement 1.

## Risk management

The Local Government Regulation (clause #tbc) requires each council and joint organisation to implement a risk management framework that is consistent with the requirements specified in these Guidelines.

A council's general manager or a joint organisation's executive officer has overall responsibility for the implementation of the council's or joint organisations' risk management framework.

A council's audit, risk and improvement committee is to review and provide independent advice to the council on the implementation of its risk management framework under section 428A(2)(b) of the Local Government Act.

The requirements for risk management in these Guidelines are detailed in core requirement 2.

## Internal audit

The Local Government Regulation (clause #tbc):

- requires each council's internal audit activities to operate in accordance with a charter adopted by the council, based on the approved Model Internal Audit Charter contained in these Guidelines
- allows councils and joint organisations to share the performance of internal audit activities
- specifies that a council's audit, risk and improvement committee is to oversee the council's internal audit activities
- requires that a member of the council's staff is appointed to direct internal audit activities – for shared arrangements this can be a staff member of one of the participating councils or joint organisation in the shared arrangement
- requires this member of staff to report only to the audit, risk and improvement committee regarding internal audit activities
- requires the general manager to consider the views of the chair of the council's audit, risk and improvement committee before making any decision affecting the employment of the staff member appointed to direct internal audit activities, and
- requires the audit, risk and improvement committee to review the performance and efficacy of the council's internal audit activities once each council term and report to the governing body of the council on the outcome of its review and make recommendations.

The requirements for internal audit in these Guidelines are detailed in core requirement 3.

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## Annual attestation

The Local Government Regulation (clause #tbc) requires the general manager of a council or the executive officer of a joint organisation to publish each year an attestation statement in the council's or joint organisation's annual report indicating whether, during the preceding financial year, the council's or joint organisation's audit, risk and improvement committee, risk management framework and

internal audit function complied with these Guidelines.

An attestation certificate template is provided at **Appendix 1** and attestation requirements are highlighted with this symbol throughout these Guidelines.



The details of each member of the council's audit, risk and improvement committee must also be included in the attestation statement.

This is to ensure that the council takes independent assurance and risk management seriously and is accountable to the community for how it has implemented these requirements.

Compliance status is to be self-assessed by the general manager, in consultation with the audit, risk and improvement committee.

The general manager or executive officer must consider the views of the chair of the council's or joint organisation's audit risk and improvement committee on the content of the attestation statement when preparing the statement.

If the chair disagrees with the content of the attestation statement prepared by the general manager or executive officer, they may prepare their own report and submit this to the Secretary DPIE.

## Exemptions

There may be times where a council or joint organisation will not be able to comply with all requirements relating to its audit, risk and improvement committee, risk management framework or internal audit function.

In these circumstances, the Local Government Regulation (clause #tbc) confers on the Secretary DPIE the power to exempt the council or joint organisation from compliance with a requirement under these Guidelines where the council or joint organisation requests such an exemption. The Secretary DPIE may grant an exemption where they are satisfied that:

- the council or joint organisation cannot comply with the requirement because of temporary extenuating circumstances or resourcing constraints that will significantly impact the council's or joint organisation's budget
- the council or joint organisation is not able to enter into an agreement with another council to share the performance of internal audit activities, and
- current or proposed alternative arrangements will achieve outcomes equivalent to the requirement under these Guidelines.

Under the Local Government Regulation, a council's application to the Secretary for an exemption must be in the form and contain the information specified in these Guidelines.

Where the Secretary exempts a council from a requirement under these Guidelines, the council must publish the Secretary's approval for the exemption in their annual report.

A council is not prevented from applying for a further exemption when a previous exemption expires.

## Accountability

Councils that are non-compliant with statutory requirements and are not granted an exemption may face enforcement action under the Local Government Act.

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## Monitoring

The NSW Auditor-General may undertake an assurance role in monitoring council's compliance with the core requirements outlined in the Local Government Act, Local Government Regulation and these Guidelines.

This may include conducting sector-wide performance audits, or compliance audits of individual councils and undertaking reviews of the statutory exemptions granted by the Secretary DPIE.

# Core requirement 1:

## **Audit, risk and improvement committee**

- Each council and joint organisation has an audit, risk and improvement committee that reviews the matters referred to in section 428A of the Local Government Act

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## Guiding principles for audit, risk and improvement committees

- ❖ An audit, risk and improvement committee is independent of the council
- ❖ The committee is equipped with the relevant expertise and has the access to council resources and information necessary to fulfil its role and responsibilities effectively
- ❖ Each council receives relevant and timely advice and assurance from the committee on the matters listed in section 428A of the Local Government Act
- ❖ The work of the committee is thoroughly planned and executed, risk-based and linked to the council's strategic goals
- ❖ The committee adds value to the council and is held accountable by the governing body for its performance
- ❖ The council is accountable to the community for complying with statutory requirements relating to the committee.

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## Role and functions

Under section 428A of the Local Government Act, each council (including county councils and joint organisations) must have an audit, risk and improvement committee to independently review and advise on the following aspects of the council's operations:

- (a) compliance
- (b) risk management
- (c) fraud control
- (d) financial management
- (e) governance
- (f) implementation of the strategic plan, delivery program and strategies
- (g) service reviews
- (h) collection of performance measurement data by the council, and
- (i) any other matters prescribed by the regulation.

The Committee must also provide information to the council for the purpose of improving the council's performance of its functions.

The Local Government Regulation (clause #tbc) also requires a council's audit, risk and improvement committee to review and provide advice on the council's internal audit activities.

The audit, risk and improvement committee's role also extends to any entities established by or operated by the council.

The exact nature of each audit, risk and improvement committee's role and the specific activities it reviews on behalf of a council under section 428A of the Local Government Act will vary depending on the council's needs, risks and business functions.

These activities are to be agreed by the audit, risk and improvement committee and the council during the development of the committee's terms of reference. Suggested activities are provided in **Appendix 2**.

### Level of assurance

Audit, risk and improvement committees are to have an advisory and assurance role only. They are to exercise no administrative functions, delegated financial responsibilities or any management functions for a council.

It is expected that each audit, risk and improvement committee will provide independent advice to the council that is informed by the council's internal audit and risk management activities and information and advice provided by council staff, relevant external bodies and other subject matter experts.

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## Workplans

### Strategic work plan

It is essential that the work of the audit, risk and improvement committee is thoroughly planned and executed to ensure that no

council activity or function is missed by the committee and that councils receive value for money from their assurance investment.

**A council's audit, risk and improvement committee must develop a strategic plan every four years to ensure that all the matters listed in section 428A of the Local Government Act are reviewed by the committee and internal audit function over each council term.**



The plan must be developed by the audit, risk and improvement committee in consultation with the governing body, general manager, the head of the internal audit function and senior managers (where appropriate) and adopted by the governing body of the council at the start of the council term.

To maintain the independence of the audit, risk and improvement committee, the governing body of the council must be careful when adopting the strategic workplan not to direct the committee's work over the council term.

### Content

The nature of the strategic plan will be commensurate with the size and complexity of the council, as well as the council's risk profile, and consistent with the requirements of the International Professional Practices Framework.

At a minimum, it should document:

- the goals and expected outcomes of the audit, risk and improvement committee for the council term
- key organisational issues and risks faced by the council and how the committee will review these, and
- key performance indicators to measure progress across council terms.

When developing the council's strategic workplan, the audit, risk and improvement committee should consider at a minimum:

- the council's strategic objectives
- risks facing the council
- the work of other review activities or functions (for example, external and

performance audits, and reviews or audits by other government agencies)

- an assurance map of the council's assurance activities which may assist to determine where the Committee's and internal audit function's work should focus, and
- stakeholder expectations.

There should also be sufficient flexibility in the strategic plan to accommodate the need for additional audits on emerging risks from time to time.

The audit, risk and improvement committee may, in consultation with the council's governing body, vary the strategic work plan at any time to address new or emerging risks.

The governing body of the council may also, by resolution, request the committee to approve a variation to the strategic work plan. However, any decision to vary the strategic work plan will rest with the committee.

When considering whether to vary the strategic work plan, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the strategic workplan.

### Review

The audit, risk and improvement committee must review the four-year strategic plan at least annually to ensure that it is dynamic, relevant and aligns with the council's risk profile.

This will also ensure that the council remains on track with its audits and any slippage in progress can be quickly addressed.

### Annual work plan

**A council's audit, risk and improvement committee must develop an annual work plan to guide its work over the forward year.**





The annual work plan must be developed by the audit, risk and improvement committee in consultation with the governing body, general manager, head of the internal audit function and senior managers (where appropriate).

The annual work plan must be consistent with the requirements of the International Professional Practices Framework and identify:

- the internal audits that will be carried out during the year to support the work of the audit, risk and improvement committee
- the key goals, objectives and scope of the proposed audits
- the resources needed for each audit (for example, staffing, budget, technology), and
- key performance indicators to measure annual progress against.

The annual work plan must be flexible enough to allow it to be reviewed and adjusted as necessary throughout the year in response to any changes to the council's risks or operations.

The audit, risk and improvement committee may, in consultation with the council's governing body vary the annual work plan to address new or emerging risks.

The governing body of the council may also, by resolution, request the committee to approve a variation to the annual work plan. However, any decision to vary the annual work plan will rest with the committee.

When considering whether to vary the annual work plan, the committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the annual work plan.

## Performance measurement

The performance of each council's audit, risk and improvement committee and internal audit function, as well as the council, must be able to be assessed to measure progress and improvement.

The audit, risk and improvement committee must establish key performance indicators for

the council's strategic four-yearly workplan and annual work plan to enable the council to gauge the:

- performance of the Committee and internal audit function and the value they are providing the council, and
- council's performance regarding the matters listed in s428A so that the council can assess whether it is improving each council term in these areas.

These key performance indicators are to be reviewed and reset by the audit, risk and improvement committee for each annual work plan and strategic four-yearly work plan to ensure they reflect the changing needs of the council and the increased capacity of the Committee and internal audit function as they mature.

The general manager, in consultation with the audit, risk and improvement committee, must ensure that a data collection or performance management system is established and maintained to collect the data needed to measure progress against these key performance indicators.

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## Providing advice to the governing body

### Quarterly updates

Ongoing reporting by the audit, risk and improvement committee to the governing body (and general manager) is essential for accountability and will ensure that the governing body is kept abreast of matters considered by the Committee and any emerging issues that may influence the strategic direction of the council or the achievement of the council's goals and objectives.

It will also ensure strong linkages between the audit, risk and improvement committee, the governing body and the general manager and lead to a better functioning assurance mechanism.

The audit, risk and improvement committee must provide an update to the governing body of the council of its activities and opinions after every committee meeting.

The audit, risk and improvement committee must also provide its quarterly update to the general manager to ensure they are kept abreast of issues raised and can answer any questions the governing body may have about the committee's opinions and recommendations.

The mayor can request to meet with the Chair of the audit, risk and improvement committee at any time to discuss any issues relating to the work of the committee during the quarter.

The chair of the audit, risk and improvement committee can also request to meet with the mayor at any time.

### Content

The nature and content of the audit, risk and improvement committee's quarterly updates is to be determined by the governing body and the committee.

It could simply be providing a copy of the audit, risk and improvement committee's meeting minutes to the governing body if appropriate, or something more formal such as a report for noting by the governing body, or a face-to-face meeting between the committee, governing body and general manager to discuss important issues that have been identified.

Whatever the nature and form the update takes, the governing body and general manager must be advised, at a minimum, of:

- any formal resolutions of the audit, risk and improvement committee
- the committee's assessment of any audits conducted, including any breaches or lack of controls that require an immediate response from the council
- progress on the implementation of corrective actions
- opportunities for longer-term improvement, and

- any key opinions or 'take-outs' from the committee's meeting.

Should the governing body require additional information, a request for the information may be made to the Chair by resolution. The Chair may only provide the information requested by the governing body where the Chair is satisfied that it is reasonably necessary for the governing body to receive the information for the purposes of performing its functions under the Local Government Act.

Individual councillors are not entitled to request or receive information from the Committee.

### Annual assessment

**A council's audit, risk and improvement committee must provide an annual assessment to the governing body each year.**



This will ensure that the governing body of the council is fully informed of the audit, risk and improvement committee's work and its opinion on how council is performing.

The annual assessment must include:

- a summary and assessment of the work the audit, risk and improvement committee performed to discharge its responsibilities during the preceding year
- an overview and assessment of the work of the internal audit function
- progress against key performance indicators
- advice on the appropriateness of the committee's terms of reference
- an independent assessment 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 the council, the governing body should be informed of, and
- other views or opinions of the council that the committee wishes to impart.

Before providing their annual assessment to the governing body, the audit, risk and improvement committee must provide a copy

of its annual assessment report to the general manager to enable them to develop an action plan to address any issues identified.

Both the audit, risk and improvement committee's annual assessment and the general manager's action plan can then be considered jointly by the governing body at an annual assurance meeting with the committee and the general manager.

### Annual assurance meeting

It would be beneficial for the audit, risk and improvement committee, governing body and general manager to come together annually to discuss the committee's annual assessment of the council, how the council proposes to respond to the committee's recommendations for corrective actions and other important internal audit and risk management matters.

The governing body may wish to hold an extraordinary or additional meeting each year for this purpose.

The annual assurance meeting should also discuss:

- the audit, risk and improvement committee's annual plan and review priorities for the upcoming year, for the approval via resolution of the governing body
- any resourcing issues for the internal audit or risk management functions that the committee considers the governing body should be informed of
- any updated committee terms of reference, for approval via resolution by the governing body, and
- the general manager's annual assessment of the council's risk management function (see core requirement 2).

The mayor, chair of the audit, risk and improvement committee and general manager can invite observers or other participants to the meeting where appropriate.

## Strategic assessment

**A council's audit, risk and improvement committee must provide to the governing body of the council a comprehensive independent assessment every council term (i.e. four years) of all the matters listed in section 428A of the Local Government Act.**



This will ensure that the governing body of the council is fully informed of the council's performance in relation to the matters specified in section 428A of the Local Government Act and what corrective actions are required to address any issues identified.

It will also provide the governing body with essential information that will assist with strategic decision-making and resource allocation during the next council term.

Before providing their strategic assessment to the governing body, the audit, risk and improvement committee must provide a copy of its report to the general manager to enable the general manager to develop an action plan to address any issues identified during the next council term.

Given the audit, risk and improvement committee's functional responsibility for the internal audit function of the council, the committee must also develop an action plan for the governing body to address any internal audit issues identified by the Committee.

The audit, risk and improvement committee's strategic assessment and the action plans can be considered jointly by the governing body at a strategic assurance meeting held every four years.

### Strategic assurance meeting

It would be beneficial for the audit, risk and improvement committee, governing body and general manager to come together at the close of the council term or commencement of the new council term to discuss the committee's strategic assessment of the council, how the council proposes to respond to the committee's recommendations during the next

council term and any other important internal audit and risk management issues.

This discussion can also inform the strategic plans to be made through the integrated planning and reporting process for the next council term.

The governing body may wish to hold an extraordinary or additional meeting for this purpose.

The four-yearly assessment meeting could also discuss:

- the audit, risk and improvement committee's four-yearly strategic plan for the upcoming council term, for approval by resolution of the governing body
- a four-yearly review of the committee's terms of reference, for noting by the governing body and where applicable, an updated terms of reference for approval by resolution
- the governing body's four-yearly review of the committee's performance and action plan to address any issues identified, for approval by resolution of the governing body
- the Office of Local Government's determination of which tier the council is assigned to for the next council term for the purpose of structuring their committee.

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## Terms of Reference

It is important that each audit, risk and improvement committee has clear guidance on how it should serve the council, and that the council has input into how the committee will operate given its investment.

This will ensure there is no ambiguity between the council and the audit, risk and improvement committee, and that the council can measure the committee's performance.

**The Local Government Regulation (clause #tbc) requires a council's audit, risk and improvement committee to operate according to terms of reference consistent with the approved Model Terms of Reference provided at Appendix 3.**



The audit, risk and improvement committee's terms of reference can include additional provisions that are not inconsistent with the approved Model Terms of Reference or other requirements.

The terms of reference are to be approved by resolution of the governing body and reviewed annually by the audit, risk and improvement committee, and once each council term (i.e. four years) by the governing body.

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## Structure

Each council will have different audit, risk and improvement committee requirements depending on the council's size, needs, budget and the complexity of its operations.

For this reason, councils can either:

- establish an audit, risk and improvement committee for its own exclusive use, or
- share their committee with another council, county council or joint organisation under section 428B of the Local Government Act.

When deciding the most appropriate way to structure a council's audit, risk and improvement committee, the general manager should consider the viability and capacity of a shared committee to achieve its terms of reference given the:

- size of the council in terms of both staffing levels and budget
- geographical and functional distribution of the council's operations
- complexity of the council's core business
- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the committee by other councils in the shared arrangement.

## Size and composition

Each council, county council and joint organisation has been categorised as a tier 1 (lowest), tier 2 (middle) or tier 3 (highest) council for the purposes of determining the size and composition of their audit risk and improvement committee.

These categories are detailed in **Appendix 4**.

This categorisation is based on:

- the population, population density and annual population growth or the local government area
- the proximity of the local government area to an urban or regional centre
- the council's financial status (including operating revenue and expenses)
- the grouping of the council with other similar councils according to the *Your Council* website
- the remuneration categories determined by the Local Government Remuneration Tribunal, and
- an understanding by the Office of Local Government of the council's overall performance and risk profile.

**The Local Government Regulation (clause #tbc) requires each council to appoint an audit, risk and improvement committee that has three or more members according to the council's categorisation under these Guidelines as a tier 1, tier 2 or tier 3 council.**



This is to ensure that the requirements of a council's audit, risk and improvement committee are appropriate for the council's size, risk profile, operational complexity, resources, and its ability to attract suitably qualified committee members.

While there are a number of significant differences in the size and composition of audit, risk and improvement committees established by councils under each tier, councils and joint organisations in all tiers must comply with the following requirements:

- the chair of the audit, risk and improvement committee must:
  - meet the independence requirements for committee members, and
  - be prequalified as a chair under the NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members* ('prequalification scheme') (unless exemption applies)
- all other voting members must meet the independence requirements for committee members (see below)
- the Local Government Regulation (clause #tbc) allows each committee to have an optional non-voting councillor member that meets the committee's eligibility criteria for councillor members (see below), and
- the size and composition requirements of a committee are the same whether the committee is established by a council for its exclusive use or as part of a shared arrangement.

The minimum requirements for the composition of audit risk and improvement committees in each tier are set out below. It should be noted that these are the minimum requirements.

Councils can establish larger committees and include more prequalified committee members than required should they choose to do so.

### Tier review

The tier each council has been placed in will be reviewed by the Office of Local Government each council term.

Any changes must be considered by councils as part of their four-yearly review of the audit, risk and improvement committee. Where a council is re-categorised by the Office of Local Government to a higher or lower tier, the council will need to review the structure and composition of its audit, risk and improvement committee to comply with the requirements of the tier it has been placed in.

The governing body of a council can determine via resolution to either:

- comply immediately – i.e. vacate all the redundant membership positions and appoint new members that comply with the new requirements at the same time, or
- comply later - stagger compliance by allowing existing members to complete their current terms and ensure any members appointed thereafter comply with the new requirement.

Where compliance is staggered, the council can request an exemption from the Secretary DPIE from complying with the new requirement in relation to the committee's composition as part of the attestation process.

Any exemption granted will apply for two reporting periods (i.e. two years).

Councils that are categorised in a higher tier may maintain their existing arrangements where they are reviewed by the Office of Local Government and placed in a lower tier should they choose to do so.

## General purpose councils

### Tier 1 councils

All councils that are categorised as a tier 1 council are required at a minimum to have an audit, risk and improvement committee that has:

- 3 independent voting members comprising:
  - 1 chair prequalified under the NSW Government's prequalification scheme
  - 2 independent persons that meet the eligibility criteria for non-prequalified committee members (see below), and
- (optional) 1 non-voting councillor that meets the eligibility criteria for councillor members (see below).

### Exemptions

It is recognised that some small councils located in remote local government areas may find it difficult to attract and retain a

prequalified chair for their audit, risk and improvement committee.

Whilst prequalification is preferred, where a tier 1 council is unable to appoint a prequalified chair, the council can apply to the Secretary DPIE for an exemption from this requirement.

The council's application for an exemption must:

- be in writing
- outline the efforts the council has made to appoint a prequalified chair, and
- outline the reasons why the council has been unsuccessful.

The council must also demonstrate to the Secretary that any alternative chair recommended for appointment meets the following eligibility criteria:

- strong leadership qualities
- the ability to promote effective working relationships among audit, risk and improvement committee members and with the council's internal audit function and external auditor
- the ability to communicate complex and sensitive issues in a tactful manner to the governing body, general manager and council staff
- an understanding of the duties and responsibilities of the position
- a sound understanding of the council and local government
- functional knowledge in areas such as:
  - financial management and reporting
  - accounting
  - governance (including planning, reporting and oversight)
  - internal and external audit
  - performance management
  - human resources management
  - risk management
  - internal control frameworks
- they can lead effective committee meetings, and
- they have appropriate qualifications or membership to a certifying body (desirable).

Where a council is granted an exemption from this requirement by the Secretary, the exemption will apply for the duration of the chair's term.

Exemptions will only be granted in exceptional circumstances.

The Secretary may consult with the administrator of prequalification scheme when making its exemption determination.

### Tier 2 councils

All councils that are categorised as a tier 2 council are required at a minimum to have an audit, risk and improvement committee that has:

- 3 voting members comprising:
  - 1 independent chair prequalified under the NSW Government's prequalification scheme
  - 1 independent member prequalified under the NSW Government's prequalification scheme
  - 1 independent person that meets the eligibility criteria for non-prequalified committee members (see below), and
- (optional) 1 non-voting councillor that meets the eligibility criteria for councillor members (see below).

### Tier 3 councils

All councils categorised as a tier 3 council are required to have an audit, risk and improvement committee that has:

- 3-5 voting members comprising:
  - 1 independent chair prequalified under the NSW Government's prequalification scheme
  - A minimum of 2 independent members prequalified under the NSW Government's prequalification scheme, and
- (optional) 1 non-voting councillor that meets the eligibility criteria for councillor members (see below).

The audit, risk and improvement committee appointed by Tier 3 councils should be large enough to represent a balance of views and

experience, but also small enough to operate effectively.

The governing body is to determine the exact size of the audit, risk and improvement committee (3-5 members) in consultation with the chair of the committee and general manager, taking into account the needs and risk profile of the council, and likely workload of the committee.

## County councils

Given their lower risk profile, resource base and operational complexity, county councils are categorised as either tier 1 or tier 2 councils for the purpose of establishing their audit, risk and improvement committee.

Whilst a tier 1 county council can establish an audit, risk and improvement committee for its own exclusive use, for administrative and cost efficiency, it is recommended that tier 1 county councils utilise the committee of a member council/s under an independent shared arrangement (see below).

## Joint organisations

Given their lower risk profile, resource base and operational complexity, joint organisations are categorised as tier 1 councils for the purpose of establishing an audit, risk and improvement committee.

Where a joint organisation has not established an audit, risk and improvement committee within the joint organisation for its member councils as part of a joint organisation shared arrangement, for administrative and cost efficiency, it is recommended that a joint organisation utilise a committee established by one of its member councils as part of an independent shared arrangement (see below).

To ensure the audit, risk and improvement committee has an understanding of the interrelationships and needs of the joint organisation and its member councils, and of wider regional priorities, joint organisations must only enter into an independent shared arrangement with a member council/s.

## Shared committees

Under the Local Government Act (section 428B) and Local Government Regulation (clause #tbc) councils can share an audit, risk and improvement committee. Council can:

- share their committee with another council/s, county council/s and/or joint organisation/s as part of an independent shared arrangement
- utilise a committee established by their joint organisation that is shared with all member councils
- for county councils - share their committee with a member council, or
- for joint organisation - share their committee with a member council.

These options allow councils to establish and operate their audit, risk and improvement committee in a more cost-effective way.

For all shared audit, risk and improvement committees:

- the committee must operate as an individual committee for each council in any shared arrangement and exercise their functions for each council individually
- a shared committee should only be established and utilised by councils where the committee can maintain a strong understanding of each participating council's assurance needs and is able to meet these needs
- a shared committee should only be established and utilised by councils where the committee can maintain an effective working and reporting relationship with the general manager and governing body of each participating council
- councils that are in different tiers but share their internal audit function can, but are not required to, also share their committee
- where a committee is shared by councils that are in different tiers, the requirements for the higher tier will apply to all participating councils (including joint organisations and county councils)
- councils that share their Committee, can but are not required to, also share the committee's secretariat, and

- councils should develop and sign a formal agreement with the other councils in the shared arrangement which outlines how the shared arrangement will operate and costs shared.

Where a joint organisation establishes an audit, risk and improvement committee to serve its member councils, it is at each member council's discretion whether they utilise the shared committee.

## Shared councillor members

It is important to note that where an audit, risk and improvement committee is shared between councils as part of an independently established shared arrangement, or an arrangement established by a joint organisation, and the councils elect to have a councillor member on the committee, the councillor member will not be shared by councils.

To maintain the confidentiality of the business of each council in the shared arrangement considered by the shared committee:

- the governing body of each council is to appoint one councillor member to serve on the audit, risk and improvement committee for that council only
- the councillor member is to only attend committee meetings for their council, and
- the councillor member is to receive information pertaining to their council only.

For joint organisations, the elected councillor member will be a voting representative of the board.

## Shared independent members

Unlike councillor members, the chair and independent members of shared audit, risk and improvement committees will serve all councils participating in the shared arrangement.

For audit, risk and improvement committees appointed as part of an independent shared arrangement, the councils in the shared



arrangement are to mutually agree to the independent members that will be appointed to these roles, and each council is to confirm their appointment by resolution.

For audit, risk and improvement committees appointed as part of an arrangement established by a joint organisation by its member councils, the board of the joint organisation will appoint the chair and independent members of the committee by resolution on behalf of member councils under delegation from the member councils.

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## Independence requirements

All audit, risk and improvement committee voting members must be independent to ensure they have no real or perceived bias or conflicts of interest that may interfere with their ability to act independently and can provide the council with robust, objective and unbiased advice about how the council is functioning.

**Each council must ensure that the chair and any voting member appointed to the council's audit, risk and improvement committee meets the following independence criteria.**



The independent voting committee member cannot:

- currently be a councillor of any NSW council
- be a non-voting representative of the board of a joint organisation
- be a candidate at the last election of the council
- be a person who has held office in the council during its previous term
- be currently employed by the council or a joint organisation, or been employed during the last 12 months
- conduct audits of the council on behalf of the Audit Office of NSW
- have a close personal or business relationship with a councillor or a person

who has a senior role in the council that may lead to a real or perceived conflict of interest

- currently, or within the last three years, provided any material goods or services (including consultancy, legal, internal audit and advisory services) to the council which directly affect subjects or issues considered by the audit, risk and improvement committee
- be (or have a close family member who is) a substantial shareholder, owner, officer or employee of a company that has a material business, contractual relationship, direct financial interest or material indirect financial interest with the council or a related entity which could be considered a real or perceived conflict of interest, or
- currently or have previously acted as an advocate of a material interest on behalf of the council or a related entity which could be considered a real or perceived conflict of interest.

Both the governing body of the council and the general manager must ensure that adequate procedures are in place to preserve the independence of the chair and members of the audit, risk and improvement committee.

Likewise, the chair and members must notify the governing body and/or general manager if a real or perceived threat to their independence arises.

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## Eligibility requirements

The persons appointed as a chair or a member of an audit, risk and improvement committee must possess the skills, knowledge and experience necessary to undertake their roles on the committee effectively and to ensure the committee is able to operate appropriately and effectively to support the council.

A poorly skilled audit, risk and improvement committee may not be able to provide the assurance needed by the council and may lead to sub-optimal outcomes that jeopardise the

council's capacity to achieve its strategic objectives.

**Councils must ensure that the chair and other members of the council's audit, risk and improvement committee meet the below eligibility criteria.**



## Prequalified members

In addition to meeting the independence requirements listed above, prequalified audit, risk and improvement committee voting members must be sourced from the NSW Government's prequalification scheme.

Individuals that have been prequalified under the scheme have been assessed by an independent expert panel convened by the NSW Government as having the skills, knowledge and experience to perform the role as a chair or member of a council's audit, risk and improvement committee.

A person prequalified under the scheme as a 'committee member' can only be appointed as a member of an audit, risk and improvement committee – they cannot be appointed as the chair.

Similarly, only a person pre-qualified as a 'chair' can be appointed as the chair of an audit, risk and improvement committee. To preserve their independence, and as a condition of the prequalification scheme, prequalified members can be appointed to up to (#tbc) separate audit, risk and improvement committees in the NSW public sector and the NSW local government sector.

## Non-prequalified members

In addition to meeting the independence requirements listed above, non-prequalified audit, risk and improvement committee voting members must satisfy the following eligibility criteria to be appointed as a committee member.

They must:

- have the qualities and personal attributes needed to serve the council effectively in their role as a committee member
- have a functional knowledge in areas that would provide a valuable contribution to the committee and council such as:
  - local government
  - internal audit and external audit
  - risk management
  - governance
  - performance management
  - financial management and reporting
  - accounting
  - human resources management
  - internal control frameworks
  - fraud and corruption prevention
  - IT/cyber security
  - the local community, or
  - another relevant subject matter, and
- undertake any training on the operation of audit, risk and improvement committees recommended by the chair based on their assessment of the skills, knowledge and experience of the committee member.

A member of an audit, risk and improvement committee must also demonstrate the following personal qualities and attributes:

- a commitment to the independence of their role
- integrity
- a capacity to dedicate sufficient time and energy
- financial literacy, including an ability to read or understand basic financial statements, ask pertinent questions about them, and interpret and evaluate answers
- an ability to give direct and honest opinions and offer different perspectives and constructive suggestions, and
- inquisitiveness and independent judgment.

Councils must undertake a criminal record and financial status (bankruptcy) check of an independent non-prequalified audit, risk and improvement committee member before their appointment.

## Councillor members

Non-voting councillor members must satisfy the following eligibility criteria to be appointed as an audit, risk and improvement committee member. They must:

- be financially literate
- have a good understanding of one or more of the following that would provide a valuable contribution to the committee:
  - internal audit and external audit
  - risk management
  - governance
  - performance management
  - financial management and reporting
  - accounting
  - human resources management
  - internal control frameworks
  - fraud and corruption prevention
  - IT/cyber security
  - the local community, or
  - another relevant subject matter, and
- undertake any training on the operation of audit, risk and improvement committees recommended by the chair based on their assessment of the skills, knowledge and experience of the committee member.

The mayor cannot be appointed as a councillor member on a council's audit, risk and improvement committee.

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## Appointment

Audit, risk and improvement committee chairs and members are appointed by a resolution of the governing body of the council.

The governing body should first appoint the chair of the audit, risk and improvement committee, who is to then assist in the selection and appointment of the other independent committee members.

## Skills mix

When selecting individual audit, risk and improvement committee members, the

governing body of the council is required to ensure that the committee has the appropriate mix of skills, knowledge and experience to successfully implement its terms of reference and add value to the council.

The audit, risk and improvement committee should have:

- at least one member with financial expertise (for example, a qualified accountant or auditor or other financial professional with experience of financial and accounting matters), and
- a mix of skills and experience in:
  - business
  - financial and legal compliance
  - risk management, and
  - internal audit, and
  - any specialised business operations of the council, where the committee would benefit from having a member with skills or experience in this area (for example, IT skills or experience where IT systems have an important role in the council's business).

All audit, risk and improvement committee members should have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the committee's consideration of the annual financial statements.

Each individual should also have sufficient time to devote to their responsibilities as an audit, risk and improvement committee member. Where possible, the governing body should ensure that at least one other audit, risk and improvement committee member is also qualified to act as the chair, if this is ever required.

## Letter of appointment

The appointment of chairs and members of audit, risk and improvement committees should be formalised in an official letter of appointment signed by the mayor of the council.

The letter of appointment should set out the terms and conditions of the appointment including:

- duration of appointment
- role and responsibilities
- timing and location of meetings
- time commitment
- remuneration
- the management of conflicts of interest
- confidentiality
- performance appraisal, and
- termination of appointment.

## Induction

Induction of all new audit, risk and improvement committee members is vital to ensure they 'hit the ground running' in their role.

The chair is to provide a thorough induction to each new member of the audit, risk and improvement committee to ensure they understand:

- the committee's role, responsibilities and terms of reference
- the business, operations, culture, risks and controls of the council, and
- the expectations of the council about their responsibilities and performance.

This will include providing new members with any background information or documentation necessary to ensure they understand the work of the audit, risk and improvement committee.

It may also be appropriate for more detailed information or presentations to be provided from various senior staff to assist the new member to understand the operations of the council and any key challenges.

New audit, risk and improvement committee members also have an obligation to ensure that they have an appropriate understanding of the council, including its:

- operations, functions, service delivery
- key areas of risk
- internal controls, and
- financial reporting systems.

The mayor, general manager and existing chair (where appropriate) will induct a new chair.

## Membership terms

### Voting members

To ensure the audit, risk and improvement committee continues to offer new perspectives and remains independent, it is important that committee members are rotated periodically to maintain a fresh approach and avoid any perceptions of bias or conflicts of interest.

**Councils are to ensure that chairs and members serve the following time-limited terms to facilitate a rotation of knowledge and perspectives.**



The initial term of membership on an audit, risk and improvement committee is four-years (one council term).

Audit, risk and improvement committee members can be reappointed for a further term but the total period of continuous membership on the committee cannot exceed eight years (two council terms). This includes any term as chair of the committee.

Individuals who have served an eight-year term (either as a member or chair) must have a two-year break from serving on the audit, risk and improvement committee before being appointed again.

Care is to be taken to ensure that membership renewal dates are staggered so knowledge of the council's operations, financial reporting structure and other important aspects are not lost to the audit, risk and improvement committee when members change.

Ideally, no more than one member should leave the committee because of rotation in any one year.

### Exemptions

If a tier 1 council is unable to replace the chair or members of its audit, risk and improvement

committee when their maximum term limit has been reached, the council can seek the approval of the Secretary DPIE to extend their term or to reappoint the chair or committee member for a further term.

The council's request must:

- be in writing
- describe the efforts the council has made to appoint a different member, and
- explain why the council has been unsuccessful.

Exemptions will only be granted in exceptional circumstances.

## Chair

To ensure that the committee maintains a fresh approach, the initial term of a chair of an audit, risk and improvement committee on any one audit, risk and improvement committee is four-years (one council term).

The chair can be reappointed as chair for a further term but the total period served by a chair cannot exceed eight years (two council terms).

Where the chair's term expires and another chair is appointed, it is the responsibility of the outgoing chair to ensure the incoming chair is fully briefed on the ongoing work of the audit, risk and improvement committee.

This includes advising the incoming chair of:

- any activity that may be relevant to the ongoing functioning of the committee, and
- any outstanding matters of high risk to the council and outstanding audit recommendations.

## Councillor members

The initial term of a councillor member of an audit, risk and improvement committee is four years, coinciding with the term of the council.

The councillor member can be reappointed for another term (i.e. four-years), if re-elected at the council's next ordinary election, but the total period of continuous membership on the

committee cannot exceed eight years (two council terms).

The councillor member is to be appointed by the governing body at the first meeting of the council after the ordinary election.

The councillor member's term ends at the end of the council term.

## Reappointment

Prior to approving the reappointment or extension of the chair or an independent member's term, the governing body of the council must undertake an assessment of the chair's or committee member's performance.

The council may engage an external reviewer to undertake this assessment if they choose.

In undertaking the assessment, the council, or any person appointed to undertake the assessment on behalf of the council, must consult with and consider the views of the chair (in the case of the reappointment or extension of the term of a committee member other than the chair), the general manager and any councillor member of the committee. The reappointment of members is also to be subject to the individual still meeting independence and eligibility requirements.

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## Fees

The fees a council pays to its chair and independent voting members of its audit, risk and improvement committee are to be agreed by the council and the Chair or member and reflect the time, commitment and responsibility involved in serving on the committee.

Chairs and members can serve on a committee on a voluntary basis if they choose to.

Councils should consider the fees payable under the prequalification scheme when determining the fees paid to prequalified chairs and members.

## Superannuation

Councils are obliged under the *Superannuation Guarantee Administration Act 1992* to make compulsory superannuation guarantee contributions on behalf of audit, risk and improvement committee chairs and voting members

## Roles of committee members

### Chair

The position of the chair of an audit, risk and improvement committee is pivotal to the committee's effectiveness and is the focal point for the committee's relationship with the council, the internal audit function and external auditor.

The chair acts as the interface between the audit, risk and improvement committee and the general manager and other staff, the governing body, the external auditor, and the internal audit function.

Any individual audit, risk and improvement committee member who wishes to meet with the general manager or governing body of the council to discuss any issues relating to the committee's responsibilities is to do so through the chair of the committee, and vice versa.

To be successful in their role, a chair must:

- have strong leadership qualities
- have the personal courage to raise and deal with tough issues and express opinions frankly, and to support other committee members to do the same
- be able to recommend the appointment of committee members to the governing body
- maintain effective working relationships between committee members and with the council
- keep the governing body and general manager informed and brief them on the

strategic and technical aspects of internal audits and risk and control issues

- lead effective committee meetings including:
  - planning for and setting agendas for meetings, ensuring committee members are adequately informed of matters to be considered prior to meetings and allowing sufficient time for discussion of those matters at the meeting
  - ensuring the meeting runs smoothly and that the views of members are heard
  - focus the committee's deliberations on the most important issues
  - seek the input of advisers, observers and other experts to maximise committee deliberations
  - summarise discussion outcomes and actions, including assigning responsibility and timeframes for actions
- maintain an effective working relationship with the council's external auditor
- oversee the internal audit function and be alert to external accountability and internal audit concerns
- arrange for all committee members to maintain an up-to-date knowledge of the council and its activities, including any financial or regulatory developments, and
- know the strengths and weaknesses of the committee, and individual committee members and how this may affect the opinions of the committee.

### Independent members

Independent audit, risk and improvement committee members are expected to be able to assess information provided to them about the council and to identify and assess key risks and issues.

Each member should be capable of making a valuable contribution to the committee.

To be successful in their role, a member must:

- take a professional approach to their responsibilities, including an appropriate commitment of time and effort

- know the business, culture and values of the council and take the time to understand changes that affect how the council operates and its risks
- have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the committee's consideration of the annual financial statements
- understand the role of the committee and the expectations of the council
- act in the best interests of the council
- take a professional approach
- be a good communicator and build effective relationships with the council and other committee members, and
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry.

## Councillor members

Councillor members of audit, risk and improvement committees are non-voting members of committees. This is to ensure that decision making by the committee is independent of the council.

Councillor members of committees act as an important link between the governing body and the committee.

Their role is to:

- relay to the committee any concerns the governing body may have regarding the council and issues being considered by the committee
- provide insights into local issues and the strategic priorities of the council that would add value to the committee's consideration of agenda items
- advise the governing body (as necessary) of the work of the committee and any issues arising from it, and
- assist the governing body to review the performance of the committee each council term.

Issues or information councillor members raise with or provide the audit, risk and improvement committee must relate to the matters listed in section 428A of the Local Government Act, the committee's terms of reference and issues being considered by the Committee.

Councillor members of audit, risk and improvement committees are not entitled to receive information about audit, risk and improvement committee activities outside of established reporting requirements.

Councillor members of audit, risk and improvement committees must conduct themselves in a non-partisan and professional manner.

Councillor members of committees must not engage in any conduct that seeks to politicise the activities of the committee or the internal audit function or that could be seen to do so.

Where councillor members of audit, risk and improvement committees engage in such conduct or in any other conduct that may bring the committee and its work into disrepute, the chair may recommend to the council, that the councillor member be removed from membership of the committee.

Where the council does not agree to the chair's recommendation, it must give reasons for its decision in writing to the chair.

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## Key relationships

### General manager

A key role of audit, risk and improvement committees is to act as an independent source of advice and opinion to both the governing body and the general manager, and to act as a forum for the resolution of any disagreements between the council and internal audit function.

The general manager, in turn, also has a key role in supporting the work and effectiveness of the audit, risk and improvement committee.

To be effective, audit, risk and improvement committees need to maintain a positive working relationship with the general manager (and vice versa) and view them as a significant source of advice and information about the council and its operations.

Chairs of audit, risk and improvement committees should meet regularly with general managers to discuss key issues and review performance.

## External audit

There are strong linkages between the work of councils' audit, risk and improvement committees and their external auditor and committees should actively engage with the external auditor.

Councils' external auditor can offer valuable insights on issues such as the effectiveness of the council's risk, controls, financial reporting, and compliance frameworks.

For the external auditor, communication with the audit, risk and improvement committee can in turn facilitate an effective and efficient audit and assist the communication of matters arising from the external audit to the council.

Audit, risk and improvement committees should:

- provide input on, and discuss, planned financial and performance audit coverage
- monitor councils' responses to financial statement management letters and performance audit reports, including the implementation of audit recommendations
- provide advice to the council on action taken on significant issues raised in relevant external auditor reports or better practice guides, and
- have a voting-members only meeting with the external auditor at least once per year so that the committee can obtain the views of the external auditor without internal audit or management advisers being present.

## Internal audit

The audit, risk and improvement committee should maintain a strong, positive relationship with the council's internal audit function and view it as a significant source of information about what is going on in the council.

The internal audit function can also assist the audit, risk and improvement committee to develop the annual and four-yearly workplans that will guide the committee's and internal audit function's work.

The chair of the audit, risk and improvement committee should routinely meet with council staff undertaking internal audit activities to discuss key issues and review performance if needed.

At least one private meeting should be held each year and any potential compromises to the internal audit activity's independence reported.

More information about this is provided in core requirement 3.

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## Meetings

The audit, risk and improvement must meet at least quarterly over the course of each year.

The chair of the audit, risk and improvement committee is to decide the frequency and timing of the committee's meetings and plan them annually in advance to ensure the availability of all members and observers.

Generally, meetings should correspond with major phases of the council's financial reporting, external audit and internal audit cycles.

For example, the audit, risk and improvement committee should meet to review the council's financial statements before they are certified by the council.

Audit, risk and improvement committee meetings should also correspond with meetings of the governing body, and allow



sufficient time between audit, risk and improvement committee meetings and council meetings for the committee to action any items and prepare any reports that are to be provided to the governing body at the council meeting.

Special meetings may be held, if needed, to review the council's financial statements prior to them being submitted to the governing body of the council, or to consider the audit, risk and improvement committee's annual or four-yearly assessments.

Audit, risk and improvement committee meetings can be held in person, by telephone or videoconference.

The audit, risk and improvement committee can hold additional meetings when significant unexpected issues arise, or if the chair is asked to hold an additional meeting by a committee member or the general manager.

The governing body can also resolve to request the audit, risk and improvement committee to hold an additional meeting.

Where such a request is made, the chair can decide whether the additional meeting is required, taking into consideration the issues that the governing body has requested the audit, risk and improvement committee to consider at the meeting.

## Proxies

As audit, risk and improvement committee members are appointed on the basis of their skills, knowledge and personal qualities, proxies are not permitted to attend meetings on behalf of members who are unable to attend.

## Quorum

A quorum consists of a majority of audit, risk and improvement committee independent voting members.

Where the vote is tied, the chair is to have the casting vote.

## Agenda

### Forward agenda

The chair should prepare a 12-month forward meeting agenda to ensure that the audit, risk and improvement committee covers all its responsibilities at the appropriate time of the year.

For example, the forward agenda will set out, at the appropriate meeting, the various internal and external audit reports and management responses to be tabled and discussed.

It will also allocate appropriate time for a review of the progress of the internal audit function against the annual work plan, and to follow-up the implementation of corrective actions.

### Meeting agenda

The chair of the audit, risk and improvement committee is to determine the agenda for each committee meeting.

It is recommended that the chair consult with other committee members, the general manager, the head of the internal audit function and external auditor prior to setting the agenda so that any urgent issues or risks that arise can be included.

The chair of the audit, risk and improvement committee is to decide an appropriate timescale for receiving the final agenda in the lead-up to the meeting.

## Papers

The audit, risk and improvement committee is to decide in consultation with the general manager and the head of the internal audit function an appropriate timeframe for receiving papers and other necessary information to support agenda items to be considered at each committee meeting.

## Minutes

Each audit, risk and improvement committee meeting must be minuted to preserve a record of the issues considered and the actions and decisions taken by the committee.

Audit, risk and improvement committee meeting minutes must:

- include a record of attendance
- cover each agenda item and document the discussion held and the outcome or conclusion from the discussions, including any recommendations, action points and/or allocation of tasks to relevant people
- be approved by the chair before circulation
- be provided to committee members, the governing body of the council, the general manager, the head of the internal audit function and external auditor
- be provided soon after the meeting date to ensure relevant individuals are made aware of any significant issues discussed at the meeting that need to be dealt with. The exact time period is to be determined by the committee and the general manager.

The minutes must be confirmed as an accurate record of the meeting at the next meeting of the audit, risk and improvement committee.

If any important details have been incorrectly recorded or omitted, they can be discussed and the minutes amended prior to confirmation at a subsequent meeting.

After the minutes are confirmed as an accurate record of the meeting, they must be signed by the chair.

All audit, risk and improvement committee members and observers should receive a copy of the minutes of all meetings.

## Attendance of observers

Due to the sensitive nature of issues to be discussed, audit, risk and improvement committee meetings should not be open to the public.

In addition to audit, risk and improvement committee members, the general manager and the head of the internal audit function are to attend committee meetings as non-voting observers.

The NSW Auditor-General, as council's external auditor, or their representative, is to be invited to each committee meeting as an independent non-voting observer and can choose whether to attend.

The chair of the audit, risk and improvement committee can request the following people to attend a committee meeting or to meet with the committee in order to provide additional information relevant to its role:

- council's chief financial officer (or equivalent) given their knowledge of, and responsibility for, council's financial management
- the head of the council's risk management function
- senior managers
- any councillor
- any employee or contractor of the council, and/or
- any external independent expert or external party whose advice is needed (subject to confidentiality considerations).

These individuals must attend meetings where requested and, as far as is practicable, provide the information requested.

Observers have no voting rights at audit, risk and improvement committee meetings and can be excluded from a meeting by the chair of the committee at any time where necessary.

## Private meetings

The audit, risk and improvement committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with only voting members of the committee present.

In addition to attending audit, risk and improvement committee meetings, the committee can meet privately at any time with the head of the internal audit function and/or

external auditor without the general manager present. At least one private meeting must occur annually.

- ensuring new members receive appropriate induction, and
- managing expenditures relating to the committee.

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## Confidentiality

It is at the discretion of the governing body of the council whether audit, risk and improvement committee agendas, business papers, minutes and other reports are made available to the public.

Given the sensitivity of information it is likely to contain, it is recommended that all information pertaining to the audit, risk and improvement committee and internal audit activities is to be treated as confidential unless otherwise determined by the committee or a resolution of the council.

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## Shared arrangements

If the audit, risk and improvement committee has been established by a joint organisation, the executive officer of the joint organisation is responsible for organising secretariat support.

Councils that share their audit, risk and improvement committee can also share their secretariat function if they choose to.

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## Secretariat

The general manager of a council is to appoint a council employee/s to provide secretariat support to the audit, risk and improvement committee.

The main functions of this role are:

- liaising with the chair to prepare agendas for audit, risk and improvement committee meetings
- ensure that committee papers are of an appropriate standard and provided with enough time to allow appropriate review and consideration
- recording minutes of meetings
- providing assistance to the chair in arranging meetings and council site visits
- supporting the chair to prepare reports for the council
- arranging appropriate meeting facilities and equipment
- keeping members abreast of developments affecting the council that may relate to the work of the committee
- maintaining a record of when member's terms of appointment are due for renewal or termination

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## Access to council, staff, resources and information

It is essential for the audit, risk and improvement committee to be able to access the staff and information about the council it needs to review the matters listed in section 428A of the Local Government Act and the resources necessary to undertake its other responsibilities.

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## Council staff

**A council's audit, risk and improvement committee must have direct and unrestricted access to the general manager and senior management of the council in order to fulfil its responsibilities.**



Should the audit, risk and improvement committee need to meet with another council staff member or contractor to obtain information to fulfil its role, the chair of the committee is to obtain permission from the general manager before inviting the staff member or contractor to meet with the Committee.

Subject to the general manager's permission being given, the staff member or contractor must attend.

Any disputes between the general manager and audit, risk and improvement committee regarding access to council staff are to be resolved by the governing body.

## Council resources and information

**A council's audit, risk and improvement committee must have direct and unrestricted access to any council resources or information it needs to fulfil its responsibilities.**



In its dealings with the council, the audit, risk and improvement committee should be mindful of the environment the council is operating in and the priorities that the general manager needs to manage.

The audit, risk and improvement committee should therefore keep to a minimum the demands it places on the council and utilise as far as is practicable, existing information to obtain the necessary level of assurance in relation to its responsibilities.

The audit, risk and improvement committee may only release council information to external parties that are assisting the committee to fulfil its responsibilities with the approval of the general manager, except when it is being provided to an external investigative, audit or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

After their engagement ends with a council, a chair or member of an audit, risk and improvement committee must not disclose or make use of any confidential information acquired in the course of their engagement with the council without the approval of the council.

## External advice

The audit, risk and improvement committee can obtain any external legal or other professional/expert advice it needs to exercise its responsibilities. For example, where a council has implemented a specialised IT system, the committee can seek the expert opinion of an IT specialist to assist its review of its implementation.

To minimise the potential costs to council, the governing body and the chair of the audit, risk and improvement committee must agree at the start of each council term how costs are to be met, i.e.:

- the governing body will set a fixed budget at the start of each council term for external expenses, or
- the committee will seek the governing body's permission prior to engaging external advice.

## Disputes

Members of an audit, risk and improvement committee should maintain an effective working relationship with each other and the council and try to resolve any differences they may have professionally.

In the event of a disagreement between the audit, risk and improvement committee and the general manager or other senior managers (for example, about findings or recommendations of audits), the dispute is to be resolved by the governing body of the council.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Secretary DPIE in writing.

## Conduct

Audit, risk and improvement committee members are to be held to the same ethical and behavioural standards as other officials of

the council and must comply with the council's code of conduct.

As required under the council's code of conduct, audit, risk and improvement committee members (a well as any council officials attending as observers) must declare and appropriately manage any conflicts of interest they may have in matters being dealt with by the committee.

Declarations of conflicts of interest and the actions taken to manage them must be recorded in the minutes of meetings.

Councils should identify the chairs and members of audit risk and improvement committees as 'designated persons' for the purposes of the council's code of conduct and require them to complete and submit returns of their interests.

Complaints of breaches of the council's code of conduct by audit, risk and improvement committee members are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*.

Under the Procedures, the general manager is responsible for managing and resolving any code of conduct complaints made against audit, risk and improvement committee members.

However, to safeguard the independence of audit, risk and improvement committee members, the general manager must consult with the governing body of the council prior to taking disciplinary action against Committee members under the Procedures.

Prequalified audit, risk and improvement committee members are also required to comply with the code of conduct governing the prequalification scheme.

Any proven breaches of the council's code of conduct should be reported by the council to the administrator of the prequalification scheme so that action can also be taken under that scheme, where appropriate.

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## Insurance

It is at each council's discretion whether professional indemnity and public liability insurance is required for chairs and members of audit, risk and improvement committee members.

In some cases, the chair or a member of an audit, risk and improvement committee may already be covered by the council's professional indemnity and public liability insurance policies or by their own insurance.

This will need to be ascertained by the council and chair or member on a case-by-case basis having regard to the terms of any relevant insurance policy.

Where a council determines that professional indemnity or public liability is absent but required, the chair or member can obtain their own insurance, or the council can consider obtaining it on their behalf.

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## Learning and development

Audit, risk and improvement committee chairs and members are encouraged to keep informed of current developments and to maintain and develop the skills, knowledge and capabilities necessary to exercise their functions effectively.

Several professional development networks and programs are available, for example, through organisations such as:

- the Australian Institute of Company Directors
- Chartered Accountants Australia and New Zealand
- The Actuaries Institute, and the
- Local Government Professionals Association.

Audit, risk and improvement chairs and members are also encouraged to serve on more than one local government committee to

extend the breadth of their experience and understanding of councils and their operations and risks.

## Review of Committee performance

It is important that the work of each council's audit, risk and improvement committee is regularly assessed, and the committee is held accountable for its performance.

This will ensure that the audit, risk and improvement committee is providing a valuable contribution to the council and enable the governing body to determine whether any changes to the committee's terms of reference or membership are required.

**At least once each council term (i.e. four years) the governing body of the council is to conduct a review of the effectiveness of the audit, risk and improvement committee in conformance with the International Professional Practice Framework.**



This will ensure that audit, risk and improvement committees are assessed consistently across all councils and allow councils to have confidence in the work of their committees.

To conduct the review, the governing body can:

- engage a suitably qualified external assessor or peer to undertake the review, or
- undertake the review itself and engage an external assessor or peer to conduct an independent evaluation of the findings.

The external assessor or peer should have specific skills relevant to the major risks of the council and a strong understanding of what constitutes best practice in relation to the operations and performance of audit, risk and improvement committees.

## Review criteria

The review of the audit, risk and improvement committee's performance must consider:

- the appropriateness of the committee's terms of reference and whether these have been complied with
- the processes and procedures undertaken by the committee
- the collective performance of the committee – for example:
  - the quality and timeliness of assurance and advice provided by the committee to the governing body and general manager
  - the effectiveness of the committee in meeting its responsibilities
  - the relationship and quality of communication with the council and other stakeholders
- the individual performance of each member – for example, their:
  - understanding of the council, its key risk and internal controls
  - ability to act objectively and independently
  - preparation for committee meetings
  - contribution to the work of the committee through their participation in discussion and decision-making, skills and experience
- the performance of the chair, including whether the chair has (in addition to their performance as a member of the committee):
  - demonstrated positive leadership
  - maintained effective working relationships among audit, risk and improvement committee members and with the council, council's external auditor and the internal audit function
  - ensured the governing body and general manager was well informed and briefed on the strategic and technical aspects of internal audits and risk and control issues, and
  - lead effective committee meetings.
- the way the committee, external auditor, council and internal audit function work together to manage risk and support the council and how effective this is

- whether the committee has effectively reviewed the factors identified in section 428A of the Local Government Act and contributed to an improvement in these areas, and
- whether the composition of the committee is appropriate and whether the council should be assigned to a different tier under these guidelines.

When conducting the review, the governing body is to consider feedback on each member's performance by the chair and councillor member of the committee and the general manager.

Self-assessments by the chair and members of the audit, risk and improvement committee can also be used.

The governing body of council is also able to request the chair of the Committee to address the council and answer any questions about the operation of the committee.

The chair of the audit, risk and improvement committee is to develop an action plan for the governing body of the council to address any issues identified in the performance review and present it to the governing body at the four-yearly assessment meeting.

- the chair and all members of the committee meet the eligibility and independence criteria required of their position, and have been appointed in accordance with prescribed membership term limits
- council's audit, risk and improvement committee operates according to terms of reference approved by the governing body of the council that are consistent with the approved Model Terms of Reference contained in these Guidelines
- council's audit, risk and improvement committee operates according to annual and four-yearly strategic plans endorsed by the governing body of the council
- council's audit, risk and improvement committee provides an annual assessment to the governing body each year, and a strategic assessment of all the matters listed in section 428A of the Local Government Act to the governing body each council term
- the council provides the committee with direct and unrestricted access to the general manager, senior management, council information and council resources so it can fulfil its responsibilities, and
- at least once each council term the governing body of the council reviews the effectiveness of the audit, risk and improvement committee.

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## Annual attestation

It is important that councils are accountable to their communities for the efficacy of their internal controls and assurance mechanisms and the operations of their audit, risk and improvement committees.

The Local Government Regulation (clause #tbc) requires the general manager to attest each year in the council's annual report whether the council has complied with the following requirements in relation to its audit, risk and improvement committee, as detailed in these Guidelines:

- council's audit, risk and improvement committee is independent of the council and has three or more members according to the council's prescribed category as a tier 1, tier 2 or tier 3 council

Further information about annual attestation requirements is also detailed in the statutory framework section of these Guidelines.

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## Resignation of committee members

Where the Chair or a member of an audit, risk and improvement committee is unable to complete their term, or does not intend to seek reappointment after the expiry of their term, they should give sufficient notice to the chair (in the case of a committee member) and the governing body (in the case of the chair) prior to their resignation to enable the council to ensure a smooth transition to a new committee member.

The notice period is to be agreed by the governing body of the council and the committee.

A member of an audit, risk and improvement committee should have the opportunity to have an exit meeting with the Chair to discuss their reason for leaving and to provide feedback on their experience serving on the committee as well as any other issues.

Resigning chairs should have the opportunity to have an exit meeting with the mayor and general manager (if appropriate).

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## Dismissal of committee members

The governing body of a council can terminate via resolution the engagement of the chair or any member of the audit, risk and improvement committee under certain circumstances before the expiry of their terms.

Dismissal of any independent chair or member is to be reported to the Office of Local Government.

## Prequalified members

A prequalified chair or member can be dismissed by the governing body before the expiry of their term where the chair or member has:

- breached the conditions of the prequalification scheme, or become ineligible under it
- breached the council's code of conduct
- performed unsatisfactorily or not to expectations, or
- declared, or is found to be in, a position of a conflict of interest which is unresolvable.

The council must also report the dismissal to the NSW government agency responsible for administering the prequalification scheme to ensure action can also be taken under the scheme, if necessary.

## Non-prequalified members

A non-prequalified independent member of the audit, risk and improvement committee can be dismissed by the governing body before the natural expiry of their term where the chair or member has:

- breached the council's code of conduct
- performed unsatisfactorily or not to expectations
- declared, or is found to be in, a position of a conflict of interest with is unresolvable
- been declared bankrupt or found to be insolvent
- experienced an adverse change in business status
- been proven to be in a serious breach of their obligations under any NSW legislation, or
- experienced an adverse change in capacity or capability.

## Councillor members

The position of a councillor member on an audit, risk and improvement committee can be terminated at any time by the governing body via resolution.



## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their audit, risk and improvement committee.

This is not an exhaustive list but provides a useful starting point for councils that seek to better understand what audit, risk and improvement committees do, and how they can be supported to add maximum value to councils.

**[Audit Committees – A Guide to Good Practice \(3<sup>rd</sup> edition\)](#) – Auditing and Assurance Standards Board, Australian Institute of Company Directors and The Institute of Internal Auditors-Australia (2017)**

Provides a checklist to assess the performance of audit, risk and improvement committees and members.

**[Audit Committees – A Guide to Good Practice for Local Government](#) – Victorian Government, Department of Planning and Community Development (2011)**

Provides detailed information on the activities audit, risk and improvement committees can perform in relation to external audit, financial management, risk management and internal audit.

**[Audit Committee Guidelines – Improving Accountability and Performance](#) – The State of Queensland (Queensland Treasury and Trade) (2012)**

Provides sample:

- letter of appointment for audit, risk and improvement committee members
- self-assessment questionnaire for committee members, external peer review checklist and management feedback questionnaire when assessing committee performance, and
- committee meeting agenda.

**[Audit Committees \(RM-G2\)](#) – Australian Government, Department of Finance**

Provides a list of professional peak bodies councils could contact to source audit, risk and improvement committee members.

**[Chairing an Audit Committee](#) – KPMG**

Provides information about the role of audit, risk and improvement committee chairs, particularly in relation to:

- leadership, and
- managing the work of audit, risk and improvement committee members.

**[Code of Conduct: Audit and Risk Committee Chairs and Members](#) – NSW Treasury (2015)**

Outlines the conduct requirements and ethical standards of members and chairs under the prequalification scheme.

**[Dealing with Corruption, Fraud and the ICAC: the role of public sector Audit and Risk Committees](#) – Independent Commission Against Corruption (2020)**

Provides information about the role of audit, risk and improvement committees and risk management in relation to fraud and corruption.

**[Establishing a skills-based audit committee](#) – Institute of Internal Auditors-Australia (2020)**

Provides an analysis matrix template to assess the skills mix of an audit, risk and improvement committee when appointing committee members.

**[Guide for Audit & Risk Committees: Understanding Financial Statements](#) – NSW Treasury (2017)**

Provides information on activities audit, risk and improvement committee can undertake when reviewing financial statements.

**[How can audit committee members add value?](#) – PriceWaterhouseCoopers (2011)**

Provides a checklist for measuring the performance of audit, risk and improvement committees

**[Internal Audit and Risk Management Policy for the General Government Sector \(TPP-20-08\) – NSW Treasury \(2020\)](#)**

Provides information on the NSW public sector risk management and internal audit policy, including:

- the operation of shared audit, risk and improvement committees in the NSW public sector
- matters to consider when deciding whether to enter into a shared arrangement, and
- recommended content for shared use agreements.

**[Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members – Guidelines for Members and Agencies – NSW Treasury \(2020\)](#)**

Provides information on the operation of the prequalification scheme.

**[Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members – Scheme Conditions – NSW Treasury \(2020\)](#)**

Provides information about the prequalification scheme's application process, including:

- the eligibility criteria for members and Chairs, and
- remuneration rates.

**[Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities – Australian National Audit Office \(2015\)](#)**

Provides information about the role and functions of audit, risk and improvement committees, including:

- member roles and responsibilities
- how to foster good relationships between the council and committee, and
- checklists for:
  - secretariat actions
  - planning forward meeting agendas, and
  - assessing the performance of members.

**[Service Delivery Review: A how to manual for local government \(second edition\) – Australian Centre of Excellence for Local Government \(2015\)](#)**

Outlines the factors councils and audit, risk and improvement committees may consider when reviewing service delivery by the council.

**[Setting up the Audit Committee – PriceWaterhouseCoopers \(2011\)](#)**

Provides information on:

- how a council might assess the financial literacy of an audit, risk and improvement committee member, and
- best practice for inducting new committee members.

**[The Role of the Audit Committee Chair – KPMG \(2019\)](#)**

Provides information on the role of audit, risk and improvement committee chairs, particularly in relation to:

- running committee meetings, and
- overseeing risk management.

# Core requirement 2:

## **Risk management**

- Each council and joint organisation must implement a risk management framework that is consistent with current Australian standards for risk management

## Guiding principles for risk management

- Each council must accept responsibility and accountability for risk management in the council
- Each council has a risk management framework that is appropriate for that council and is consistent with the accepted Australian risk management standard
- Risk management is an integral part of all council management, operations, functions and activities and it is clear who is responsible for managing each risk
- Each council supports the development of a positive risk culture
- Councils regularly review their risk management framework and can flexibly adapt their risk management activities to suit their operations and risk profiles
- Each council is accountable to the community for complying with its statutory obligation to adopt and maintain a risk management framework.

## Standards

Each council must manage its strategic and operational risks and implement a risk management framework that is consistent with the current Australian risk management standard and appropriate for the council's risks.



It is recognised that each council will have different risk management requirements depending on its size, needs, budget, operational complexity and risk management maturity.

Councils have the flexibility under the Australian risk management standard to adapt the size, scope and delivery of their risk management framework provided it reflects the principles, key elements and processes set out in the standard for managing risks in any sized council or organisation.

Councils can adopt additional requirements that supplement those in the standard provided they do not conflict with the standard.

The current risk management standard at the time of the release of these Guidelines is AS ISO 31000:2018 Risk Management – Guidelines.

Under current licensing and copyright requirements, each council will need to purchase an individually licensed copy of AS ISO 31000:2018 from Standards Australia to obtain a full copy of the standard.

The following is a summary of the definitions, principles, key elements and process of AS ISO 31000:2018.

## Definitions

The definition of 'risk' and 'risk management' adopted by councils as part of their risk management framework will be the same as that adopted in the current Australian risk management standard.

At the time of printing, AS ISO 31000:2018 defines:

- risk as the "effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats", and
- risk management as "coordinated activities to direct and control an organisation with regard to risk".

## Principles

In summary, AS ISO 31000:2018 requires a council's approach to risk management to be based on the following eight specific principles to ensure it is effective:

- **integrated** - risk management is integrated into all council activities and decision-making processes
- **structured and comprehensive** - risk management is a structured and comprehensive process that achieves consistent and comparable results

- **customised** - the risk management framework and process are customised to the council
- **inclusive** - risk management is inclusive of all stakeholders and enables their knowledge, views and perceptions to be considered
- **dynamic** - risk management is dynamic and able to respond to changes and events in an appropriate and timely manner
- **best available information** - risk management decisions are based on the best available information and takes into account any limitations and uncertainties
- **human and cultural factors** - risk management takes into account human and cultural factors, and
- **continual improvement** - risk management is continuously and periodically evaluated and improved through learning and experience.

## Key elements

To achieve these principles, *AS ISO 31000:2018* requires each council to ensure its risk management framework demonstrates the following six elements:

### Leadership and commitment

*AS ISO 31000:2018* requires risk management to be supported by a positive culture that promotes and communicates risk management as part of everyday activities and decision-making.

The standard states that this culture can only exist when management (i.e. the governing body, general manager and senior staff) demonstrate strong leadership and commitment to risk management.

Practical measures the governing body and/or general manager can take under *AS ISO 31000:2018* to exhibit strong leadership in risk management are set out further below.

### Integration

*AS ISO 31000:2018* requires that risk management be fully integrated within a council and made part of the council's purpose, governance, leadership, strategy, objectives and operations.

Risk is to be managed in every part of the council's organisational structure and every council employee be responsible for managing risk.

### Design

*AS ISO 31000:2018* requires that the design of a council's risk management framework:

- is based on the unique needs, characteristics and risks of the council, and its external and internal context
- demonstrates the council's continual commitment to risk management
- assigns risk management roles, responsibilities and accountabilities within the council
- allocates appropriate council resources for risk management, and
- effectively documents and communicates risk management across the council.

### Implementation

*AS ISO 31000:2018* requires that each council implements its risk management framework by:

- developing a risk management plan that provides structure for how the council will implement its risk management policy and conducts its risk management activities, and
- ensuring the council's risk management activities are clearly understood and practiced.

The plan should identify decision makers for risk within the council and ensure risk management processes and arrangements are well understood by the council and practiced.

## Evaluation

*AS ISO 31000:2018* requires that each council regularly evaluates the effectiveness of its risk management framework and determines whether it remains suitable.

## Improvement

*AS ISO 31000:2018* requires that each council continually adapts and improves the design of its risk management framework and how it is integrated throughout the council to help the council move to a higher level of risk maturity.

## Process

*AS ISO 31000:2018* provides each council with a systematic process to identify, assess and prioritise risks, decide how they will be managed, and document and communicate them across the council.

The process defined in *AS ISO 31000:2018* consists of the following steps:

- defining the scope of the council's risk management activities to assist in planning the council's risk management approach
- establishing the internal and external context to ensure that the council understands the internal and external environment it operates in and how risk management will impact, and be impacted by these
- deciding the performance indicators the council will use to measure the effectiveness of its risk management framework and identify gaps between its actual and desired performance
- defining the council's risk criteria/appetite – that is, the amount and type of risk that the governing body is willing to take, or not take, in order to achieve its strategic plan and objectives
- conducting risk assessments to determine what risks need to be managed
- deciding risk treatment options
- developing risk treatment plans that document how controls will be implemented, and
- writing risk reports that will document and communicate the risk management

framework to all staff and be used by the council to regularly review the risk management framework.

## County councils and joint organisations

County councils and joint organisations have a lower risk profile than larger and more operationally complex general-purpose councils.

However, they are still responsible for the expenditure of public money, providing services (in the case of county councils), and delivering outcomes on behalf of their member councils and regions (in the case of joint organisations), and need to identify and manage risks appropriately.

Given their lower risk profiles, county councils and joint organisations can share the administration of their risk management framework with another council to reduce costs.

Alternatively, joint organisations can undertake the coordination and administration of their member councils' risk management frameworks on behalf of the councils.

Any shared risk management function must operate as an individual resource for each council in the shared arrangement and fulfil the statutory requirements for each council individually.

A shared risk management function should only be established and utilised by a county council or joint organisation where the shared function can maintain a high level of understanding and fulfilment of each council's risk management needs, as well as effective working and reporting relationships with the general manager and senior staff of each council in the shared arrangement.

Councils that establish a shared risk management function should develop and sign a formal agreement with the other councils in the shared arrangement which outlines how

the shared arrangement will operate and costs are shared.

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## Resourcing

AS ISO 31000:2018 requires each council to ensure sufficient resources are allocated to implement the council's risk management framework and deliver the internal controls needed to ensure the council's risks are appropriately managed.

In practice, this responsibility will fall to the governing body and/or general manager of the council.

These resources include the necessary:

- human resources (with appropriate skills and experience)
- technology, equipment, tools and information management systems for managing risk
- documented processes and procedures, and
- professional development and training for staff to ensure they can fulfil their risk management responsibilities.

To ensure that the governing body and/or general manager makes informed budgeting decisions, the audit, risk and improvement committee is to advise of the resources it considers that the council needs to effectively implement its risk management framework, having regard to any budgetary constraints facing the council and the council's operational environment.

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## Roles and responsibilities

AS ISO 31000:2018 requires that each council assign risk management roles and responsibilities to all relevant roles within the council.

To ensure effective implementation, the standard also requires each council to

demonstrate strong leadership and commitment to risk management.

In practice, this will see the general manager, governing body and council staff take on the following responsibilities:

### Governing body – strategic leadership

Consistent with the governing body's strategic leadership role under section 223 of the Local Government Act, the governing body is responsible for setting the foundational elements of council's risk management framework and the 'tone at the top'.

This includes approving via resolution the council's risk criteria/appetite – a statement that conveys how much risk will be tolerated by the governing body in the pursuit of the strategic objectives for the council, and how risk is to be managed and decisions made within this context.

The council's risk criteria/appetite is to be approved in consultation with the audit, risk and improvement committee.

### General manager – operational leadership

Consistent with the general manager's role under section 335 of the Local Government Act to conduct the day-to-day management of the council, the general manager has ultimate responsibility and accountability for risk management in the council.

The responsibility is also specified in the Local Government Regulation (clause #tbc).

This includes:

- overseeing the council's risk management framework and ensuring it is effectively communicated, implemented and reviewed regularly
- approving the council's risk management policy, plans and risk reports (where applicable)
- promoting and championing a positive risk culture

- assigning authority and accountability for risk management at appropriate levels and to appropriate staff in the council, and ensuring they are held accountable for these responsibilities
- annually attesting that council's risk management framework complies with statutory requirements (see below), and
- approving the council's implementation of corrective actions recommended by the council's internal audit function, external audit and audit, risk and improvement committee.

Depending on the council's needs, resources and organisational structure, and to assist the integration of risk management across the council, the general manager may wish to delegate responsibility for key aspects of the council's risk management framework to a senior manager or group of senior managers established for this purpose.

The delegate would report to the general manager on risk management issues.

An example risk management policy is provided at **Appendix 5**.

## Risk management function – oversight and facilitation

Each council is to establish a risk management function responsible for the day-to-day activities required to implement the council's risk management framework and provide specialist risk management skills and knowledge.

The council's risk management function is a key support to the general manager in meeting their risk management responsibilities and reports directly to the general manager or their delegate.

Each council will have the flexibility to establish its risk management function based on its structure, resourcing, risk management needs and risk management maturity.

Regardless of its structure and composition, the role and responsibilities of the risk management function should include:

- supporting the general manager by coordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making
- coordinating the various activities relating to risk management within the council
- helping to build a risk management culture within the council, including facilitating and driving risk management at the strategic and operational level within the council and ensuring consistency in practice
- ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work
- ensuring risk management processes are applied consistently across the council
- organising appropriate staff risk management training and development
- developing and maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the general manager or their delegate
- supporting council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance
- implementing effective risk management communication mechanisms and information system/s
- establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within council and assessing the need for further action
- assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans), and
- preparing advice or reports for the audit, risk and improvement committee and attending committee meetings (where requested).

In order to fulfil its role, the risk management function needs to:

- have a well-developed understanding of the council and its operations



- have the skills, knowledge and leadership qualities required to support and drive risk management
- have sufficient authority to intervene in instances where risk management efforts are being hampered by a lack of cooperation or through lack of risk management capability or maturity, and
- be able to add value to the risk management process by providing guidance and support in managing difficult risk, or risks spread across a number of the council's business units or operational areas.

### Dual responsibilities

It is important that the risk management function is independent of line management to reduce the potential for management influence on the risks that are reported on, and to ensure independence.

Where risk management oversight or facilitation activities are performed by council staff with other council responsibilities, the council must put safeguards in place to limit any cognitive bias (which can lead to faulty risk assessments and decision-making errors).

Depending on the specific needs and circumstances of the council, these safeguards could include:

- the audit, risk and improvement committee being informed of the other council responsibilities the risk management function has, including reporting lines, responsibilities and expectations related to the role/s
- any potential issues or conflicts of interest arising from these other roles being formally documented and communicated to the committee
- risk management staff being prohibited from undertaking risk management evaluations and reviews in relation to the council operations they are responsible for, and/or
- the committee regularly assessing that the safeguards put in place are effective.

### Internal audit function – review and assurance

Council's internal audit function is responsible for reviewing and providing advice to the audit, risk and improvement committee and the council on the effectiveness of the council's risk management framework.

Given the need to maintain the independence and objectivity of the internal audit function, the following boundaries are to apply with respect to the role of the internal audit function in relation to the council's risk management framework:

- it is to be clear that council management remains responsible for risk management
- the internal audit function is to provide advice and challenge and support management's decision-making, as opposed to taking risk management decisions themselves
- the internal audit function should not:
  - manage any of the risks on behalf of the council
  - set the council's risk criteria/appetite
  - impose risk management processes
  - decide or implement risk responses, or
  - be held accountable for risk management activities.

### Audit, risk and improvement committee – advice and assurance

An audit, risk and improvement committee's role in relation to risk management is to support the governing body and general manager to ensure that the council's risk management framework is appropriate and operationally effective.

The breadth and depth of this assurance role is to be determined by the council and the audit, risk and improvement committee and could include:

- assessing whether risks at all levels are identified, assessed and reviewed regularly by the council

- being involved in the regular review of the council's risk register
- reviewing the integration of risk management into business planning and program implementation activities, and/or
- providing assurance in relation to the management of risk or governance arrangements on individual projects, programs or activities.

**Appendix 4** provides further examples of the activities the audit, risk and improvement committee could perform in relation to risk management.

## Review and reporting

### Quarterly reporting

Each council is to ensure its risk management framework is regularly monitored and reviewed to ensure it is relevant, effective and complies with the current Australian risk management standard.

Each council is to base its ongoing monitoring and review process on its own needs, however, this should include at a minimum, providing quarterly advice from the risk management function to the general manager or their delegate.

This will ensure that risks are being correctly identified, prioritised and treated, and any emerging problems are known and rectified quickly.

### Annual assessment

Each council's risk management function is to conduct an annual self-assessment of the council's risk management framework.

The annual self-assessment is to report to the general manager whether the council's risk management framework:

- complies with statutory requirements
- is sufficiently resourced
- operates effectively, this includes whether:

- the internal control framework appropriately reflects the council's risk criteria/appetite
- risks are formally considered when developing and implementing all council policies, programs, projects and other activities, including procurement
- risk management covers all relevant risk categories including strategic, operational, compliance, reputational and reporting risks
- major risks have been identified and assessed by the council and appropriate risk treatments have been implemented that reflect the council's risk criteria
- the council's internal controls are effective and appropriate
- the council's risk register and risk profile are current and appropriate
- risk information is captured and communicated in a timely manner across the council, enabling management and staff to carry out their responsibilities, and
- the council's risk management policies, procedures and plans are being complied with.

The general manager should discuss the annual assessment of the council's risk management function with the governing body and audit, risk and improvement committee at the council's strategic assurance meeting held each council term.

### Strategic assessment

The Local Government Regulation (clause #tbc) requires that a council's audit, risk and improvement committee keep the implementation of a council's risk management framework under review and provide advice to the council on its implementation.

**A council's audit, risk and improvement committee must provide an assessment of the effectiveness of the council's risk management framework to the governing body each council term, as part of the committee's four-yearly strategic assessment.**



As part of the audit, risk and improvement committee's assessment of the council's risk management function, it should consider whether:

- the council is providing sufficient resources for risk management
- the council's risk management framework complies with statutory requirements, and
- the council's risk management framework operates effectively, is being complied with and supports the achievement of the council's strategic goals and objectives

The general manager is to develop an action plan for the governing body to address any risk management issues identified by the committee.

The audit, risk and improvement committee and general manager should discuss the strategic assessment and action plan with the governing body at the council's strategic assurance meeting held each council term.

## Performance measures

To ensure the effectiveness of council's risk management activities can be regularly monitored and reviewed, each council must ensure that it:

- assigns performance targets to risk management activities that can be measured against goals and objectives, and
- can obtain the data needed to measure the impact of the council's risk management framework.

## Annual attestation

The Local Government Regulation (clause #bc) requires the general manager to attest each year in the council's annual report whether the council has complied with the following requirements in relation to its risk management activities:

- council has adopted a risk management framework that is consistent with current Australian risk management standards and appropriate for the council's risks, and
- the council's audit, risk and improvement committee reviews the implementation of the council's risk management framework and issues an assessment of the effectiveness of the council's risk management framework to the governing body each council term.

Further information on annual attestation requirements is provided in the statutory framework section of these Guidelines.

## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their risk management framework. They provide examples, checklists, samples, templates and other practical tools councils could use.

This is not an exhaustive list but provides a useful starting point for councils that seek further information.

### **[A Guide to Risk Management – The State of Queensland \(Queensland Treasury\) \(2020\)](#)**

Provides guidance on how to apply the Australian risk management standard, including checklists for each stage of the risk management process.

### **[AS ISO 31000:2018 Risk Management – Guidelines – International Standards Organisation \(2018\)](#)**

The current Australian risk management standard at the time of printing (for purchase from the International Standards Organisation)

### **[Audit Committee Guidelines – Improving Accountability and Performance – The State of Queensland \(Queensland Treasury and Trade\) \(2012\)](#)**

Provides checklists of the matters audit, risk and improvement committees are to consider when reviewing a council's risk management framework and internal controls.

### **[Dealing with Corruption, Fraud and the ICAC: the role of public sector Audit and Risk Committees – Independent Commission Against Corruption \(2020\)](#)**

Provides information about the role of risk management in relation to fraud and corruption.

### **[Risk Management Toolkit for Public Sector Agencies \(TPP 12-03\) – NSW Treasury \(2012\)](#)**

Consists of three parts:

- Executive Guide (TPP 12-03a)
- Volume 1 – Guidance for Agencies (TPP 12-03b), and
- Volume 2 – Templates, Examples and Case Study (TPP 12-03c).

Provides detailed and practical advice on the various elements of the Australian risk management standards (ISO 31000), templates and worked examples.

### **[The Three Lines of Defense in Effective Risk Management and Control – Institute of Internal Auditors \(2013\)](#)**

Outlines the three lines of defence approach to risk management and the role of management and internal audit in risk management.

### **[The Role of Internal Auditing in Enterprise-Wide Risk Management – Institute of Internal Auditors](#)**

Outlines what enterprise risk management is, how it can be implemented and the role of internal audit in risk management.

### **[Victorian Government Risk Management Framework Practice Guide – Victorian Managed Insurance Agency \(2016\)](#)**

Provides guidance on how to apply the Australian risk management standard, including examples of a risk appetite/criteria statement.

# Core requirement 3:

## **Internal audit**

- Each council and joint organisation must have an independent internal audit function that reports to the audit, risk and improvement committee and is consistent with current international standards for internal audit

## Guiding principles for internal audit

- The internal audit function operates independently and with appropriate expertise in a manner that is appropriate for the council.
- The internal audit function has access to all council information necessary to fulfil its role and responsibilities
- The internal audit function is appropriately positioned in the council's governance framework to ensure its work complements the work of other internal and external assurance providers
- The internal audit function has a comprehensive work plan linked to the council's strategic objectives and current and emerging risks
- The audit, risk and improvement committee receives relevant and timely advice from the internal audit function to ensure the committee can fulfil its role and responsibilities
- The internal audit function operates in a manner consistent with accepted international standards
- The work of the internal audit function is thoroughly planned and executed, risk-based, client-focused and linked to the council's strategic goals
- The internal audit function adds value to the council and is held accountable by the committee and governing body for its performance, and
- Each council is accountable to the community for the effective implementation of its internal audit function.

Internal audit is defined in the International Professional Practices Framework issued by the Institute of Internal Auditors as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

**A council's internal audit function must operate independently of the council and internal audit activities cannot be subject to direction by the council.**



**To ensure that the internal audit function remains independent from council management it must have a dual reporting line that reports:**



- **administratively to the general manager or a sufficiently senior role in the council to ensure the internal audit function fulfils its responsibilities, and**
- **functionally to the audit, risk and improvement committee.**

## Resourcing

The governing body and general manager of the council must ensure that the council's internal audit function is sufficiently resourced to effectively carry out its work. The chair of the audit, risk and improvement committee should be consulted on the resourcing required.

The audit, risk and improvement committee's resourcing recommendations are to be minuted by the committee.

## Independence

**Each council in NSW, (including county council and joint organisation) must have an internal audit function to provide an independent unbiased assessment of the council's operations and risk and control activities.**



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## Internal audit charter

It is important that council's internal audit function has clear guidance on how it should serve the audit, risk and improvement committee and the council, and that the committee and council has input into how the internal audit function will operate.

This will ensure there is no ambiguity between the audit, risk and improvement committee, the council or the internal audit function and that the performance of the internal audit function can be assessed.

**The Local Government Regulation (clause #tbc) requires each council to adopt an internal audit charter, consistent with the approved Model Internal Audit Charter (Appendix 6), to guide how internal audit will be undertaken by the council and measure its effectiveness.**



The internal audit charter is to be developed by the audit, risk and improvement committee in consultation with the general manager and the head of the internal audit function and approved via resolution by the governing body of the council.

The Local Government Regulation (clause #tbc) allows councils to include additional provisions in their internal audit charter so long as they are not inconsistent with the approved Model Internal Audit Charter.

The audit, risk and improvement committee is to review the council's internal audit charter annually in consultation with the general manager and the head of the internal audit function.

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## Role of the general manager

Consistent with their role under the Local Government Act (section 355) to conduct the day-to-day management of the council, the general manager has administrative

responsibility for internal audit under the Local Government Regulation (clause #tbc).

This means that the general manager is responsible for:

- advising the governing body on the resources required for the effective functioning of the internal audit function
- ensuring appropriate administrative support is provided to support the work of the internal audit function - for example, access to council's human resources networks, payroll, work health and safety, office facilities and resources, council information etc
- ensuring that the internal audit function is appropriately positioned within the council to work with external bodies and internal business units and fulfil its role and responsibilities
- ensuring the internal audit function complies with the International Professional Practices Framework, and
- annually attesting, on behalf of the council, that the council is fulfilling its statutory obligations in relation to internal audit.

The general manager has no role in the performance of the internal audit function - for example, the conduct of internal audits, the audit techniques used, or the reporting of internal audit findings to the audit, risk and improvement committee.

## Delegation

The general manager can, in consultation with the governing body of the council and the audit, risk and improvement committee, delegate their functions in relation to the oversight of the council's internal audit function to another role in the council that is sufficiently senior to ensure the internal audit function meets its responsibilities.

In making a delegation, consideration should be given to how the delegation will influence the internal audit function's ability to achieve the internal audit charter given the:

- seniority and expertise of the delegate and demands placed on them by their other roles and responsibilities in the council

- support available to the delegate to successfully execute their delegation in relation to internal audit
- complexity of the council's core business
- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the internal audit function.

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## Role of the audit, risk and improvement committee

Under the Local Government Regulation (clause #tbc), the audit, risk and improvement committee exercises functional oversight of a council's internal audit function to ensure it operates independently from the council.

This means that the audit, risk and improvement committee is responsible for:

- assisting the governing body to identify the resources necessary for the effective functioning of the internal audit function
- setting the annual and four-yearly work plans for the internal audit function, including the audits that will be completed
- assessing the findings and recommendations of completed audits and providing the committee's advice and opinion on issues raised to the general manager and governing body of the council
- developing the internal audit charter that will guide the work of the internal audit function and how it operates, and
- reviewing the performance of the internal audit function.

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## Structure

Each council will have different internal audit function requirements depending on the council's size, needs, budget and operational complexity and can either:

- establish an internal audit function for their own exclusive use, or
- share their internal audit function with another council, county council or joint organisation.

For cost and administrative efficiency, councils are also able to:

- establish an in-house internal audit function comprising of council staff/contractors, and/or
- outsource their internal audit function to an external provider/s – for example, a private sector accounting firm, internal audit firm, internal audit contractor etc.

These options will assist councils, county councils and joint organisations:

- to establish their internal audit function in the most cost-effective way
- in remote locations that may find it difficult to appoint or retain the staff necessary to support a stand-alone internal audit function
- to access a larger resource pool than would be available to a single council, and
- create efficiencies through common systems, shared knowledge and internal audit tools.

When deciding the most appropriate way to structure a council's internal audit function, the general manager should consider the viability and capacity of a shared internal audit function to achieve the council's internal audit charter given the:

- size of the council in terms of both staffing levels and budget
- geographical and functional distribution of the council's operations
- complexity of the council's core business
- risk profile of the council
- expectations of stakeholders, and
- likely demands placed on the internal audit function by other councils in the shared arrangement.



**Whatever structure is adopted, the head of a council's internal audit function must:**



- be a council employee and cannot be outsourced, other than through a shared arrangement with another council, and
- meet the eligibility and independence criteria for the position.

This is to ensure that the council retains strategic control of the internal audit function and can actively monitor its performance.

## County councils

County councils may enter into a shared arrangement with one of their constituent councils or another county council.

## Joint organisations

Joint organisations that do not host a shared internal audit function for the use of their member councils can enter into a shared arrangement with a member council.

## In-house internal audit function

An in-house internal audit function is where internal auditors and other staff (where required) are employed by the council to conduct the internal audits and other activities in the audit, risk and improvement committee's annual and four-yearly strategic work plan.

The advantages of establishing an in-house internal audit function may include:

- council retaining ownership of internal audit information
- confidentiality of sensitive information contained in audits
- stronger direction and oversight by the council of the internal audit function with more direct control over the quality of audits conducted

- internal auditors having council-specific knowledge and experience that delivers better audit results
- greater agility to respond quickly to emerging issues, and
- the retention of corporate knowledge within the council.

Disadvantages may include:

- challenges attracting and retaining suitable staff
- specialist skills may not be available in-house
- reduced flexibility, and
- the need to provide council facilities and office space for internal audit personnel.

Councils that establish an in-house internal audit function are not limited to employing staff members and can supplement the internal audit team's work with audits undertaken by external providers where necessary.

Councils that have been categorised as a tier 2 or tier 3 council are encouraged to establish an in-house internal audit function given their:

- significant assets
- higher risk profiles
- higher levels of expenditure, and
- more complex transactions and operations.

## Head of an in-house internal audit function

Each council's internal audit function must be led by a staff member with sufficient skills, knowledge, experience and integrity to ensure it undertakes its role appropriately, meets its responsibilities to the audit, risk and improvement committee and makes a valuable contribution to the council.

The head of an in-house internal audit function (described as the 'chief audit executive' in the International Professional Practices Framework) also needs to report to the general manager or a sufficiently senior role in the council that ensures the internal audit function fulfils its responsibilities.

For some councils with larger budgets and higher risks, the head of the internal audit function will require the support of a dedicated internal audit team to fulfil the internal audit charter.

For other smaller councils, their size and risk profile may not justify additional internal audit staff and the head of the internal audit function will be sufficient.

The head of the internal audit function may also have other council responsibilities outside of internal audit.

### Role and responsibilities

For all in-house internal audit functions, regardless of size, the key responsibilities of the head of the internal audit function include:

- managing the day-to-day activities of the council's internal audit activities to ensure they add value to council
- managing the council's internal audit budget
- supporting the operation of the audit, risk and improvement committee
- approving internal audit project plans, conducting or supervising audits and assessments and providing independent advice to the committee
- monitoring the council's implementation of corrective actions that arise from the findings of audits
- fulfilling the committee's annual work plan and four-yearly strategic plan
- ensuring the council's internal audit activities comply with statutory requirements
- managing internal audit personnel and ensuring that they have the skills necessary to fulfil the role and responsibilities of the internal audit function (where appropriate), and
- contract management and oversight of supplementary external providers (where appropriate).

### Eligibility criteria

To fulfil these responsibilities, the head of the internal audit function:

- must be a council employee and cannot be outsourced, other than through a shared arrangement with another council – this is to ensure that the council retains strategic control of the internal audit function and is able to actively monitor the performance of the internal audit function
- must be independent, impartial, unbiased and objective when performing their work and free from conflicts of interest
- should possess the following skills, knowledge and experience to effectively carry out their role:
  - the credibility to ensure they can negotiate on a reasonably equal footing with the general manager (or their delegate), governing body and audit, risk and improvement committee
  - the skills, knowledge and personal qualities necessary to lead credible and accepted internal audit activities in the council
  - strong experience overseeing internal audit
  - appropriate qualifications and professional certifications, and
  - local government experience (preferred).

The head of the internal audit function must also operate and conduct their internal audit activities in accordance with the International Professional Practices Framework, including its Code of Ethics.

As a council employee, the head of the internal audit function must comply with all relevant council policies and procedures as required by other council staff members, including the council's code of conduct.

### Independence

It is important that the head of an in-house internal audit function has the functional independence to ensure that this role has the freedom necessary to independently assess and report on the way council operates. As a safeguard, the Local Government Regulation (clause #tbc) requires the general manager to consult with the chair of the audit, risk and improvement committee before

appointing or changing the employment conditions of the head of the internal audit function (including disciplinary measures).

Where dismissal occurs, the general manager must report to the governing body advising of the reasons why the head of the internal audit function was dismissed.

Where the chair of the audit, risk and improvement committee has any concerns about the treatment of the head of the internal audit function, or any action taken that may compromise the head of the internal audit function's ability to undertake their functions independently, they can report their concerns to the governing body of the council.

The head of the internal audit function is required to confirm at least annually to the audit, risk and improvement committee the independence of internal audit activities from the council.

### Access to council staff and information

**All internal audit personnel, including the head of an in-house internal audit function have direct and unrestricted access to council staff, the audit risk and improvement committee and council information and resources necessary to undertake their role and responsibilities.**



All council staff and contractors should have unrestricted access to the head of the internal audit function to allow them to alert them to emerging risks or internal audit related issues.

### Internal audit team

Any other staff members appointed to council's in-house internal audit function report directly to the head of the internal audit function.

As council employees, internal audit staff must comply with all relevant council policies and procedures including the council's code of conduct.

In-house internal auditors must also conduct internal audit activities in accordance with the International Professional Practices Framework.

Internal audit should be performed by professionals with an appropriate level of understanding of the council's culture, systems and processes to provide assurance that the internal controls in place are sufficient to mitigate the risks, that the governance processes are adequate and that organisational goals and objectives are met.

In-house internal auditors should therefore possess the following skills, knowledge and experience to effectively carry out their role:

- the skills, knowledge and experience necessary to conduct internal audit activities in the council – for example:
  - accounting
  - finance
  - economics
  - governance
  - management
  - law
  - taxation
  - fraud and corruption
  - IT
- effective interpersonal and communication skills to ensure they can partner with council staff effectively and collaboratively
- honesty, integrity and due diligence, and
- appropriate qualifications and professional certifications.

Local government experience or expertise is also strongly preferred.

### Dual responsibilities

To ensure the internal audit function's independence and objectivity, it is best practice that the head of the in-house internal audit function and any other members of an in-house internal audit team have no other council responsibilities other than internal audit.

However, it is recognised that some councils may find it difficult to employ a stand-alone head of an in-house internal audit function or other supporting internal auditors due to the

cost involved, the council's location and/or that the size of the council's operations and risk profile or the council's organisational structure may not warrant stand-alone employees.

Councils can therefore combine the head of the internal audit function's role and/or the role of a member of the internal audit team with another council role or responsibilities provided there are adequate safeguards put in place by the council to limit any real or perceived bias or conflicts of interest that may lead to faulty decision-making and cognitive bias.

An internal audit role must not be combined with the role of the general manager, chief financial officer or risk management function as it will create conflicts of interest that cannot be resolved.

Councils can also share their head of the internal audit function with another council, county council or joint organisation as part of a shared arrangement.

Depending on the specific needs and circumstances of the council, safeguards could include:

- any potential issues or conflicts of interest arising from a dual role being formally documented in council's internal audit charter
- the audit, risk and improvement committee, or another suitably qualified and independent party, reviewing internal audit briefs, findings and recommendations before they are finalised where they concern any key risks overseen by the head of the internal audit function or internal audit member in another role
- the head of the internal audit function or an internal audit team member not having responsibility for managing any risks or implementing any audit recommendations or corrective actions in their other role/s, and/or
- the committee including an assessment of the independence and objectivity (for internal audit purposes) of the head of the internal audit function or any internal audit team members with a dual role in their

annual assessment report to the governing body.

The endorsement of the governing body, in consultation with the audit, risk and improvement committee is also required before any combined roles can commence.

Where the head of the internal audit function has a dual role in a council, they are to remain independent and report functionally to the audit, risk and improvement committee on their internal audit responsibilities.

For other council responsibilities, the head of the internal audit function reports functionally through normal council reporting lines to the general manager.

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## Outsourced internal audit function

Where a council outsources their internal audit function, the internal audits required by the audit, risk and improvement committee are undertaken by an external provider such as an internal audit or accounting firm, or an individual practitioner.

Contract management is overseen by an employee within the council.

The advantages of using external providers for internal audit activities may include:

- flexibility
- access to a wide range of expertise and experience, especially outside of local government and provide expertise the council may not have
- provides a window to better practice methods that small councils may find difficult to access
- the ability to purchase services as and when required
- can increase internal audit's independence from the council
- overcoming challenges recruiting a head of an internal audit function or internal audit staff, and
- potential to negotiate lower fee-for-service costs.

Disadvantages may include:

- increased costs
- potential loss of corporate knowledge from the council
- difficulty building and maintaining professional relationships between council management and external contractors
- reduced oversight and control of internal audit activities
- additional in-house staff time required to source and manage external providers and contracts
- the external provider lacking council-specific knowledge
- internal audit coordinator is unlikely to be audit trained and may not have the knowledge to ensure audit quality is maintained, and
- potential confidentiality breaches.

Given their size, resources, geographical isolation, risk profiles and complexity of operations, tier 1 councils are encouraged, at a minimum, to establish an outsourced internal audit function.

## Head of an outsourced internal audit function

Compared to the head of an in-house internal audit function which personally conducts or supervises internal audits and provides their personal opinions and recommendations to the audit, risk and improvement committee, the head of an outsourced internal audit function will, in practice, primarily be a coordination and administrative role.

The key responsibilities of any council staff member assigned responsibility for leading an outsourced internal audit function is to include:

- contract management
- managing internal audit budget
- ensuring the external provider completes internal audits in line with the audit, risk and improvement committee's annual plan and four-yearly strategic plan
- forward audit reports by the external provider to the committee
- act as a liaison between the external provider and the committee

- monitoring the council's implementation of corrective actions that arise from the findings of audits and reporting progress to the Committee, and
- assisting the committee to ensure the council's internal audit activities comply with statutory requirements.

To fulfil these responsibilities, the head of an outsourced function:

- reports functionally to the audit, risk and improvement committee
- must be free from conflicts of interest
- must be a council employee and cannot be outsourced, other than through a shared arrangement with another council, county council or joint organisation - this is to ensure that the council retains control of the internal audit function and is able to actively monitor the performance of the external provider
- should possess the following skills, knowledge and experience to effectively carry out their role:
  - a good understanding of the work of audit, risk and improvement committees and internal audit, and
  - the skills, knowledge and personal qualities necessary to manage the council's contract with the external provider and liaise between the external provider and the audit, risk and improvement committee.

As a council employee, the head of an outsourced function must comply with all relevant council policies and procedures as required by other council staff members, including the council's code of conduct.

## Dual responsibilities

The head of an outsourced internal audit function can be assigned other roles and responsibilities in the council.

Where the head of an outsourced function has a dual role in a council, they are to remain independent and report functionally to the audit, risk and improvement committee in relation to their internal audit responsibilities.

For other council responsibilities, the head of an outsourced function reports functionally through normal council reporting lines to the general manager.

Councils can combine the head of an outsourced function's role with another council role or responsibilities provided that there are adequate safeguards put in place by the council to limit any real or perceived bias or conflicts of interest.

Depending on the specific needs and circumstances of the council, safeguards could include:

- any potential issues or conflicts of interest arising from a dual role being formally documented in council's internal audit charter
- the audit, risk and improvement committee endorsing the dual roles before they can commence
- the head of the outsourced function not having responsibility for managing any risks or implementing any audit recommendations or corrective actions in their other role/s, and/or
- the committee including an assessment of the independence and objectivity (for internal audit purposes) of the head of the outsourced function in their annual assessment report to the governing body.

## External provider/s

It is important that any external provider engaged by a council is independent and can objectively assess and report on the way council operates.

To ensure the independence of an external provider, the head of the outsourced function is to ensure the external provider:

- does not conduct any audits on specific council operations or area that they have worked on within the last two years
- is not the same auditor conducting the council's external audit
- is not the auditor of any contractors of the council that may be possibly subject to the internal audit, and

- is able to meet the council's statutory internal audit obligations.

The head of the outsourced function must also consult with the audit, risk and improvement committee and general manager regarding the appropriateness of the skills, knowledge and experience of any external provider before they are engaged by the council.

## Chair of the audit, risk and improvement committee

The chair of an audit, risk and improvement committee that oversees an outsourced internal audit function is likely to have greater responsibilities than that of an in-house internal audit function.

As the head of an outsourced function is largely a coordination/administrative role, committee members, and in particular the chair of the Committee, will do the 'heavy lifting' and be the primary source of advice on the findings and recommendations of audits conducted by the external provider and assurance to the council.

Councils that establish an outsourced internal audit function must ensure that their audit, risk and improvement committee has the capacity and capability to undertake this increased role.

## Shared internal audit function

Under the Local Government Regulation (clause #tbc) councils can:

- share an internal audit function with another council or joint organisation as part of an independent shared arrangement
- utilise the internal audit function established by their joint organisation that is shared by member councils
- for county councils - share an internal audit function with a constituent council, or

- for joint organisations - share an internal audit function with a member council.

Councils can establish an in-house or outsourced internal audit function as part of a shared arrangement.

A shared internal audit function must operate as a standalone internal audit function for each participating council in the shared arrangement and satisfy statutory requirements for each participating council.

A shared internal audit function should only be established and utilised where all participating councils can be confident that the shared function can deliver a high level of understanding and fulfilment of each council's internal audit needs and maintain effective working and reporting relationships with each participating council in the shared arrangement.

Councils that establish a shared internal audit function should develop and sign a formal agreement with the other councils in the shared arrangement which outlines how the shared arrangement will operate and how costs will be shared.

## Implementation

Given the administrative complexity of an internal audit function shared between councils and reporting to multiple governing bodies and general managers, the following arrangements are recommended:

- the internal audit function is hosted by one of the councils, county councils or joint organisations in the shared arrangement
- the head of the internal audit function and any other internal audit team members are employees of the host council
- the head of the internal audit function reports administratively to the general manager (or their delegate) of the host council, and
- the general manager of the host council can only appoint or dismiss the head of the internal audit function in consultation with the general managers and audit, risk and improvement committees of each participating council.

For internal audit functions established by joint organisations and shared between member councils it is recommended that:

- the internal audit function is physically located at the offices of the joint organisation or a member council
- the head of the internal audit function reports administratively to the executive officer of the joint organisation
- the head of the internal audit function and any internal audit staff are employees of the joint organisation, and
- the Executive officer of the joint organisation can only appoint or dismiss the head of the internal audit function in consultation with the general managers and audit, risk and improvement committees of each member council.

## Head of a shared internal audit function

### In-house function

The head of a shared in-house internal audit function needs to be able to:

- liaise with the governing body and general manager of each participating council about that council's internal audit activities
- implement the annual work plan and four-yearly strategic plan for each council
- conduct or oversee the individual audits of each council and monitoring the implementation of corrective actions
- manage any contractual arrangements with external providers on behalf of each council (where required)
- attend the audit, risk and improvement committee meetings of each respective council on behalf of that council, and
- maintain separate and confidential information for each council.

### Outsourced function

The head of a shared outsourced internal audit function needs to be able to:

- manage contracts with external providers on behalf of all councils in the shared arrangement

- liaise with the audit, risk and improvement committee and general manager of each council
- coordinate the completion of audits by the external provider in line with each council's annual plan and four-yearly strategic plan
- provide audit reports by the external provider to the relevant committee and general manager and coordinate council responses
- monitor the implementation by each council of corrective actions that arise from the findings of audits and reporting progress to the committee
- assist each council's committee to ensure the council's internal audit activities comply with statutory requirements, and
- maintain separate and confidential information for each council.

The internal audit tools, techniques and methodologies used by the internal audit function must be approved by the audit, risk and improvement committee.

Where risk information or ratings are used during the internal audit process, they must be developed and applied consistently with the current Australian risk management standard.

## Audit reports

The head of the internal audit function must provide the findings and recommendations of internal audits to the audit, risk and improvement committee at the end of each audit.

The audit, risk and improvement committee will determine whether audit reports should be distributed to committee members out-of-session as they are completed, or at each quarterly meeting of the committee.

Each internal audit report written must reflect the requirements of the International Professional Practices Framework.

This includes:

- necessary background information, including the objective and scope of the audit
- the audit processes and methodology used
- findings and recommendations based on the audit's objectives, prioritised according to their level of risk
- recommended remedial actions to address problems identified which have been prioritised according to risk, and
- a response or action plan from the general manager and/or responsible senior managers of the council.

The head of the internal audit function must provide a draft of each report to the responsible senior manager/s so that a response to each recommendation from each relevant business unit can be included in the final report that is submitted to the audit, risk and improvement committee.

## Workplans

The work of each council's internal audit function will be guided by the strategic four-yearly workplan and annual workplan developed by the audit, risk and improvement committee (see core requirement 1).



## Performing internal audits

It is essential that a council's internal audit function performs the council's internal audits to a high and consistent standard and that the findings and recommendations that arise from audits can be relied upon by the audit, risk and improvement committee and the council.

Each council's internal audits must be performed in accordance with the requirements of the International Professional Practices Framework.





The audit, risk and improvement committee must agree with the general manager the maximum time period the general manager has to approve and provide the council's response to the committee.

Responsible senior managers will have the right to reject recommended corrective action/s on reasonable grounds but should discuss their position with the head of the internal audit function or the chair of the audit, risk and improvement committee before finalising the council's position with the general manager. Reasons for rejecting the recommendation/s must be included in the final audit report.

For those recommendations that are accepted, responsible senior managers are required to ensure that:

- an action plan is prepared for each recommendation that assigns responsibility for implementation to a council staff member/s and timeframes for implementation
- all corrective actions are implemented within proposed timeframes, and
- the head of the internal audit function is provided regular updates, or as otherwise reasonably requested, in relation to the implementation of the internal audit action plan.

Where corrective actions are not implemented within agreed timeframes, the audit, risk and improvement committee can invite the responsible senior manager to explain why implementation has not occurred and how the resulting risk is being addressed in the interim.

The audit, risk and improvement committee can raise any concerns it may have about the council's response to internal audit reports with the general manager and in the committee's quarterly report to the governing body so that they are aware of the risks posed to the council.

## Ongoing monitoring

The head of the internal audit function should establish an ongoing monitoring system to track the internal audits undertaken for the

council and follow-up council's progress in implementing corrective actions.

Compliance with regulatory requirements and internal audit standards could also be included as part of ongoing monitoring and self-assessment.

If necessary, any problems identified must be reported to the audit, risk and improvement committee and general manager to ensure they can be rectified quickly before their consequences escalate.

The audit, risk and improvement committee can raise any concerns it has that may arise between meetings with the governing body via an additional report where needed. The chair of the committee can also request to meet with the mayor.

This will ensure that the governing body is fully aware of significant emerging risks posed to the council.

## Policies and procedures

The general manager, in consultation with the audit, risk and improvement committee, must develop and maintain policies and procedures to guide the operation of the council's internal audit function and the performance of internal audits.

These policies and procedures could include:

- the structure and resourcing of the internal audit function
- how internal audits will be conducted, reported, implemented and monitored
- audit methodology
- timeframes for reporting and council's response to recommendations
- how any internal audit-related disputes will be resolved
- the internal audit function's access to council staff, resources and information
- how the performance of the internal audit function will be reviewed
- communication between the audit, risk and improvement committee and internal audit function, and the internal audit function and the general manager, and

- information management including document retention, security and access to audit reports.

for consideration and action before their consequences escalate.

## Providing advice to the audit, risk and improvement committee

Ongoing reporting to the audit, risk and improvement committee is essential to ensure that the committee is kept informed of matters considered by the internal audit function and any emerging issues that may require reporting to the governing body or general manager.

### Quarterly updates

The head of the internal audit function is to ensure that the audit, risk and improvement committee is advised at each of the committee's quarterly meetings of

- the internal audits completed during that quarter
- progress in implementing the annual work plan, and
- progress made implementing corrective actions arising from any past internal audits.

The way this information is communicated is to be decided by the audit, risk and improvement committee in consultation with the head of the internal audit function.

### Ongoing advice

The head of the internal audit function can meet with the chair of the audit, risk and improvement committee at any time, as necessary, between committee meetings.

This is particularly important to ensure that any urgent or emerging issues identified by the internal audit function can be quickly reported to the audit, risk and improvement committee

## Internal audit documents

Internal audit documentation includes any information or documents produced or obtained by a council's internal audit function that relates to the internal audit activities of the council.

All internal audit documents:

- are for internal use only, subject to the requirements of the *Government Information (Public Access) Act 2009* (GIPA Act)
- are to remain the property of the audited council, including where internal audit services are performed by an external provider – all rights reside with the audited council
- must be documented, retained and controlled in accordance with the International Professional Practices Framework and council policies
- can be accessed by the audit, risk and improvement committee and external auditor without restriction
- can be accessed by the governing body via resolution, subject to the approval of the chair of the committee (any disputes can be referred to the Office of Local Government for resolution)
- subject to the GIPA Act, can only be released to an external party with the approval of the general manager and the chair of the committee, except where the information is being provided to an external oversight or investigative body for the purposes of informing that agency of a matter that may warrant its attention.

Any internal audit documentation provided to any individual, including members of the governing body, should be treated as strictly confidential.

The chair of the audit, risk and improvement committee may refuse to provide access to

internal audit documents or information to anyone who has previously released such information without authorisation.

## Review of internal audit function performance

It is important that the work of each council's internal audit function is regularly assessed, and internal auditors held accountable for their performance.

This will ensure that the internal audit function is making a valuable contribution to the council and allows the audit, risk and improvement committee and the council to understand how the council is performing in relation to the matters listed in section 428A of the Local Government Act.

It will also ensure that the audit, risk and improvement committee and council can determine whether any changes to the internal audit function are required.

### Annual assessment

The audit, risk and improvement committee must review the performance of the internal audit function each year and report its findings to the governing body as part of the committee's annual assessment.

The annual assessment is to ensure 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, by which time their consequences may have escalated.

An annual assessment will also encourage continuous improvement of the council's internal audit activity.

The audit, risk and improvement committee is to determine the nature of this assessment. It could be conducted, for example, via a self-

assessment performed by the head of the internal audit function.

More information about the audit, risk and improvement committee's annual assessments is provided under core requirement 1.

### Four-yearly strategic assessment

**A council's audit, risk and improvement committee is to provide an assessment of the effectiveness of the council's internal audit function to the general manager and governing body in each term of the council, as part of the committee's four-yearly strategic assessment.**



This assessment is to occur regardless of whether the council has established an in-house or outsourced internal audit function, as the assessment focuses on how the council has implemented its internal audit function.

As part of the audit, risk and improvement committee's assessment of the council's internal audit function, it should consider:

- the views of an independent external party with strong knowledge of internal audit operation
- the independence of the internal audit function
- whether resourcing is sufficient
- whether the internal audit function complies with statutory requirements and the International Professional Practices Framework
- the appropriateness of annual work plans and strategic plans based on the risks facing the council
- progress against key performance indicators
- whether the internal audit function adds value and delivers outcomes for the council, and
- the appropriateness of the internal audit charter.

To ensure the views of the external party consulted are robust, the external party should have:

- strong skills, knowledge and expertise in internal audit

- a working knowledge of the International Professional Practices Framework, and
- no conflicts of interest that may result in bias or a lack of objectivity.

The audit, risk and improvement committee, in consultation with the general manager, is to develop an action plan for the governing body to address any internal audit issues identified by the committee.

The audit, risk and improvement committee's strategic assessment and action plan is to be discussed with the governing body and general manager at the strategic assurance meeting held each council term.

More information about the audit, risk and improvement committee's strategic assessment is provided under core requirement 1.

- make a public interest disclosure under the *Public Interest Disclosures Act 1994* to the:
  - Independent Commission Against Corruption (concerning corrupt conduct)
  - NSW Ombudsman (concerning maladministration)
  - NSW Auditor General (concerning serious and substantial waste of public money)
  - Office of Local Government (concerning serious and substantial waste in local government and breaches of pecuniary interest obligations), and/or
  - Information and Privacy Commissioner (concerning government information contraventions).

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## Reporting concerns about councillors or council staff

Given the nature of internal audit, there may times where the internal audit function identifies concerns about the conduct of council staff.

Where the head of the internal audit function has concerns regarding a staff member, they can:

- raise their concerns with the chair of the audit, risk and improvement committee (if it relates to the effectiveness of the internal audit function)
- report breaches of the council's code of conduct to the general manager, or by the general manager to the Mayor, as required by the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*
- report their concerns through the council's internal reporting policy, complaints handling policy or other associated protocols, and/or

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## Annual attestation

The Local Government Regulation (clause #abc) requires the general manager to attest each year in the council's annual report whether the council has complied with the following requirements:

- council has an internal audit function that provides an independent unbiased assessment of the council's operations and risk and control activities
- council's internal audit function reports to the audit, risk and improvement committee on internal audit matters
- the internal audit function operates independently of the council
- council's internal audit function operates according to an internal audit charter, which is consistent with the approved Model Internal Audit Charter contained in these guidelines
- council has appointed an appropriately skilled and eligible staff member to direct the council's internal audit activities or is part of a shared arrangement where a participating council has appointed a staff member to lead internal audit
- internal audit activities are conducted in accordance with the International Professional Practices Framework

- council's internal audit function operates according to annual and four-yearly strategic plans adopted by the governing body of the council
- council provides the internal audit function with direct and unrestricted access to the general manager and other staff, council information and resources so it can fulfil its responsibilities, and
- at least once each council term (i.e. four years) the audit, risk and improvement committee conducts a review of the effectiveness of the council's internal audit function.

Further information on annual attestation requirements are detailed in the statutory framework section of these Guidelines.

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## Further resources

The following resources may be useful to councils seeking more information about the establishment and operation of their internal audit function.

This is not an exhaustive list but provides a useful starting point for councils that seek to better understand internal audit, how it can be used by councils to improve performance, and practical tools, examples and templates to adapt for their own use.

### **[International Professional Practices Framework \(mandatory guidance\)](#) – Institute of Internal Auditors (2017)**

Outlines the mandatory requirements for undertaking internal auditing under the International Professional Practices Framework.

Consists of four parts:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing

### **[International Professional Practices Framework \(recommended guidance\)](#) – Institute of Internal Auditors (2017)**

Provides detailed guidance on how to implement the International Professional Practice Framework.

Consists of two parts:

- Implementation Guide – assists an internal audit function to apply the standards and understand how compliance will be measured by the audit, risk and improvement committee, and
- Supplemental Guide (Practice Guides) – provides detailed processes and procedures for the internal audit function.

### **[How can audit committee members add value?](#) – PriceWaterhouseCoopers (2011)**

Provides a checklist for measuring the performance of an internal audit function.

### **[Internal Audit in Australia](#) – Institute of Internal Auditors Australia (2016)**

Provides an overview of the role of internal audit and the internal audit function, including:

- the different types of work plans that can be used to guide internal audit activity
- the skills, knowledge, experience and qualifications/certifications required of internal auditors
- performing, reporting and monitoring internal audits, and
- how to review the performance of an internal audit function, including performance measures that could be used

### **[Practice Guide – Talent Management: Recruiting, Developing, Motivating and Retaining Great Team Members](#) – Institute of Internal Auditors (2015)**

Provides guidance on how to establish an effective internal audit team (for purchase from the Institute of Internal Auditors).

### **[Quality Assessment Manual for the Internal Audit Activity](#) – Institute of Internal Auditors (2017)**

Outlines how the performance of council's internal audit function can be assessed both internally and externally against the International Professional Practices Framework.

# Implementation



Under the Local Government Act, all councils and joint organisations are required to appoint an audit, risk and improvement committee by June 2022.

Following June 2022, councils will have two years, until 30 June 2024, to comply with the risk management and internal audit requirements under these Guidelines and five years to comply with the audit, risk and improvement committee requirements.

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## Audit, risk and improvement committees

### New Committees

Councils that currently do not have an audit, risk and improvement committee must appoint a Committee by June 2022 that complies with the requirements of these Guidelines.

### Existing Committees

Councils that already have an audit, risk and improvement committee will already comply with the requirement under the Local Government Act to appoint a committee.

These councils will have until June 2027 (five years) to ensure the membership of their committees comply with these guidelines.

Additional transition time is provided to allow the terms of existing audit, risk and improvement committee members that may not otherwise be eligible for membership of the committee under the new requirements, to naturally expire.

Staged compliance will provide greater stability in the membership of existing committees, ensure the retention of corporate knowledge on the committee, and reduce demand on the prequalification scheme.

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## Risk management framework

Councils have until 30 June 2024 to ensure their risk management framework complies with these guidelines.

However, councils that already have a mature risk management framework are encouraged, for their own benefit, to comply sooner.

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## Internal audit function

As a transitional measure, councils will have until 30 June 2024 to ensure their internal audit function complies with these guidelines.

However, councils that already have an internal audit function are encouraged, for their own benefit, to comply sooner.

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## Attestation

Attestation requirements will commence in 2024 for risk management and internal audit, and 2027 for audit, risk and improvement committees.

All councils will be required to publish their attestation certificates commencing with their 2024-2025 annual report.

However, councils with more mature audit, risk and improvement committees, internal audit function and/or risk management frameworks are encouraged to consider publishing attestation certificates in their annual reports sooner.



# Appendix 1:

## **Attestation template and Determination template**

## Internal Audit and Risk Management Attestation Statement for the [years] Financial Year for [council/joint organisation]

I am of the opinion that [council/joint organisation] has an audit, risk and improvement committee and risk management and internal audit processes that, excluding the exceptions outlined below, operate in compliance with the requirements set out in the *Local Government Act 1993* and *Local Government (General) Regulation 2005*.

Specifically:

### Audit, risk and improvement committee

Requirement	Compliance
[Council's/joint organisation's] audit, risk and improvement committee is independent of the [council/joint organisation] and has three or more members that comply with or exceed the minimum requirements for the [council's/joint organisation's] prescribed category as a [tier #tbc] council	[compliant or non/compliant]
The chair and all members of [council's/joint organisation's] audit, risk and improvement committee meet the eligibility and independence criteria required of their position, and have been appointed in accordance with prescribed membership term limits	[compliant or non/compliant]
[Council's/joint organisation's] audit, risk and improvement committee operates according to terms of reference approved by the [governing body of the council/board of the joint organisation] that are consistent with the approved Model Terms of Reference	[compliant or non/compliant]
[Council's/joint organisation's] audit, risk and improvement committee operates according to annual and four-yearly strategic plans endorsed by the [governing body of the council/board of the joint organisation]	[compliant or non/compliant]
[Council's/joint organisation's] audit, risk and improvement committee provides an annual assessment to the [governing body/board of the joint organisation] each year, and a strategic assessment of all the matters listed in section 428A of the Local Government Act to the [governing body/board] each council term	[compliant or non/compliant, include date of last strategic assessment provided]
The [council/joint organisation] provides the audit, risk and improvement committee with direct and unrestricted access to the [general manager/executive officer], senior management, [council/joint organisation] information and [council/joint organisation] resources so it can fulfil its responsibilities	[compliant or non/compliant]
At least once each council term the [governing body of the council/board of the joint organisation] reviews the effectiveness of the audit, risk and improvement committee.	[compliant or non/compliant, include date of last review]

*Membership*

The chair and membership of the audit, risk and improvement committee are:

Independent chair	[name]	[start term date]	[finish term date]
Independent member	[name]	[start term date]	[finish term date]
Independent member	[name]	[start term date]	[finish term date]
Independent member <sup>1</sup>	[name]	[start term date]	[finish term date]
Independent member <sup>1</sup>	[name]	[start term date]	[finish term date]
[Councillor/board] member <sup>1</sup>	[name]	[start term date]	[finish term date]

**Risk Management**

Requirement	Compliance
[Council/joint organisation] has adopted a risk management framework that is consistent with current Australian risk management standards and appropriate for the [council's/joint organisation's] risks	[compliant or non/compliant]
[Council's/joint organisation's] audit, risk and improvement committee is responsible for reviewing the implementation of [council's/joint organisation's] risk management framework and issues a strategic assessment of the effectiveness of the [council's/joint organisation] risk management framework to the [governing body/board] each council term.	[compliant or non/compliant, include date of last strategic assessment provided]

**Internal Audit**

Requirement	Compliance
[Council/joint organisation] has an internal audit function that provides an independent unbiased assessment of the [council's/joint organisation's] operations and risk and control activities	[compliant or non/compliant]
[Council's/joint organisation's] internal audit function reports to the audit, risk and improvement committee on internal audit matters	[compliant or non/compliant]
[Council's/joint organisation's] internal audit function operates independently of the [council/joint organisation] and internal audit activities are not subject to direction by the [council/joint organisation]	[compliant or non/compliant]
[Council's/joint organisation's] internal audit function operates according to an internal audit charter, which is consistent with the approved Model Internal Audit Charter	[compliant or non/compliant]
[Council/joint organisation] has appointed an appropriately skilled and eligible staff member to direct the [council's/joint organisation's] internal audit activities or is part of a shared	[compliant or non/compliant]

<sup>1</sup> Delete row if optional member not appointed

Requirement	Compliance
arrangement where a participating [council/joint organisation] has appointed a staff member to direct shared internal audit activities	
Internal audit activities are conducted in accordance with the International Professional Practices Framework	[compliant or non/compliant]
[Council's/joint organisation's] internal audit function operates according to annual and four-yearly strategic plans developed by the [council's/joint organisation's] audit, risk and improvement committee and endorsed by the [governing body of the council/board of the joint organisation]	[compliant or non/compliant]
[Council/joint organisation] provides the internal audit function with direct and unrestricted access to the [council/joint organisation] staff, [council's/joint organisation's] audit, risk and improvement committee, [council/joint organisation] information and resources so it can fulfil its responsibilities	[compliant or non/compliant]
At least once each council term [council's/joint organisation's] audit, risk and improvement committee reviews the effectiveness of the [council's/joint organisation's] internal audit function and reports this to the [governing body of the council/board of the joint organisation].	[compliant or non/compliant]

#### Departures from regulatory requirements

I advise that the audit, risk and improvement committee, risk management and internal audit activities for [council/joint organisation] depart from the requirements set out in the *Local Government Act 1993* and *Local Government (General) Regulation 2005* in the following ways:

Non-compliance	Reason	Alternative measures being implemented	Exemption granted by the Chief Executive of the Office of Local Government
[regulatory requirement]	[detailed description of reasons giving rise to the non-compliance]	[detailed description of the practicable alternative measures implemented to achieve equivalent level of assurance]	[yes/no]

These processes, including the alternative measures implemented, demonstrate that [council/joint organisation] has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within [council/joint organisation].

[signed]  
[name and position]  
[date]

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## **[Council/joint organisation] compliance with mandatory risk management and internal audit requirements**

I am advised that [council/joint organisation] has not complied with the following requirements with respect to the operation of its [audit, risk and improvement committee/risk management/internal audit processes] (omit where relevant):

<b>Requirement</b>	<b>Reason for non-compliance</b>
[regulatory requirement]	[detailed description of reasons giving rise to the non-compliance]

I note that the following alternative arrangements have been implemented to achieve outcomes equivalent to the requirement/s:

<b>Summary of alternative arrangements</b>	<b>How they will achieve equivalent outcomes</b>
[summary of alternative arrangement]	[summary of how they will achieve equivalent outcomes]

I am satisfied that these alternative arrangements will achieve outcomes equivalent to the requirement/s.

This exemption from the requirements of the *Local Government (General) Regulation 2005* is valid for the financial year/s of [years].

[signed]  
[name and position]  
[date]

[Office of Local Government contact officer contact details]

# Appendix 2:

## **Audit, risk and improvement committee – role and responsibilities**

Under section 428A of the Local Government Act, each council (including county councils and joint organisations) must have an audit, risk and improvement committee to independently review and provide advice to the council regarding the following aspects of council's operations:

- (a) compliance
- (b) risk management
- (c) fraud control
- (d) financial management
- (e) governance
- (f) implementation of the strategic plan, delivery program and strategies
- (g) service reviews
- (h) collection of performance measurement data by the council, and
- (i) any other matters prescribed by the regulation (i.e. internal audit).

The committee must also provide information to the council for the purpose of improving council's performance of its functions.

The audit, risk and improvement committee and council are to agree on the specific activities the committee is to review based on the council's needs, risks and business functions.

The following is a list of activities audit, risk and improvement committees and councils should consider as part of the committee's 'audit', 'risk' and 'improvement' roles based on the requirements of section 428A of the Local Government Act.

This is not an exhaustive list and audit, risk and improvement committees and councils are encouraged to carefully consider the council's business operations, service delivery, financial management processes, internal audit function, external accountability requirements, risk management framework, governance arrangements and integrated planning and reporting framework to maximise the advice and assistance the committee can provide to the council.

## Audit

### Internal audit

section 428A(2)(i)

#### Principle

Council has an effective internal audit function and receives maximum value from its internal audit activities.

#### Committee's role

- Provide overall strategic oversight of internal audit activities
- Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit
- Coordinate as far as is practicable, the work programs of internal audit and other assurance and review functions
- Advise the general manager and governing body of the council:
  - whether the council is providing the resources necessary to successfully deliver the internal audit function
  - if the council is complying with internal audit requirements, including compliance with the International Professional Practices Framework
  - if the council's internal audit charter is appropriate and whether the internal audit policies and procedures and audit/risk methodologies used by the council are suitable
  - of the strategic four-year plan and annual work plan of internal audits to be undertaken by the council's internal audit function
  - if council's internal audit activities are effective, including the performance of the head of the internal audit function and internal audit function
  - of the findings and recommendations of internal audits conducted, and corrective actions needed to address issues raised
  - of the implementation by council of these corrective actions

- on the appointment of the head of the internal audit function and external providers, and
- if the internal audit function is structured appropriately and has sufficient skills and expertise to meet its responsibilities

## External audit

### Principle

Council receives maximum value from its external audit activities.

### Committee's role

- Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit
- Coordinate as far as is practicable, the work programs of internal audit and external audit
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- Review all external plans and reports in respect of planned or completed audits and monitor council's implementation of audit recommendations
- Provide advice to the governing body and/or general manager on action taken on significant issues raised in relevant external audit reports and better practice guides

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## Risk

### Compliance framework

section 428A(2)(a)

### Principle

Council has an effective compliance framework that ensures it is complying with its legal obligations and other governance and

contractual requirements when undertaking its functions.

### Committee's role

Advise the general manager and governing body of the council of the adequacy and effectiveness of the council's compliance framework, including:

- if the council has appropriately considered legal and compliance risks as part of the council's risk management framework
- how the council manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

### Risk management

section 428A(2)(b)

### Principle

Council has an effective risk management framework and internal controls that successfully identify and manage the risks it faces.

### Committee's role

Advise the general manager and governing body of the council:

#### Risk management framework

- whether the council is providing the resources necessary to successfully implement its risk management framework
- if the council has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the council's risk management framework is adequate and effective for identifying and managing the risks the council faces, including those associated individual projects, programs and other activities
- if risk management is integrated across all levels of the council and across all processes, operations, services, decision-making, functions and reporting



- of the adequacy of risk reports and documentation, for example, the council's risk register and risk profile
- whether a sound approach has been followed in developing risk management plans
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- if council has taken steps to embed a culture that is committed to ethical and lawful behaviour
- if there is a positive risk culture within the council and strong leadership that supports effective risk management
- of the adequacy of staff training and induction in risk management
- how the council's risk management approach impacts on the council's insurance arrangements
- of the effectiveness of council's management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

#### Internal control framework

- if the internal controls in place are appropriate for the risk council faces
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the council's monitoring and review of controls, including policies and procedures, is sufficient, and
- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately

### **Fraud and corruption control framework**

section 428A(2)(c)

#### **Principle**

Council has an effective fraud and corruption control framework in place that minimises the incidence of fraud and corruption.

#### **Committee's role**

Advise the general manager and governing body of the council of the adequacy and effectiveness of the council's fraud and corruption prevention framework and activities, including whether the council has:

- a fraud and corruption policy
- clearly defined responsibilities for managing fraud and corruption
- risk-based preventative and detective controls
- policies, systems and processes to respond to, investigate and report suspected fraud and corruption
- employee awareness/education measures
- robust third-party management systems
- appropriate processes and systems in place to capture and effectively investigate fraud-related information
- regular review of the fraud and corruption control framework and reporting,
- implemented applicable guidance and other better practice measures by the Independent Commission Against Corruption.

### **Financial management framework**

section 428A(2)(d)

#### **Principle**

Council has an effective financial management framework, sustainable financial position and positive financial performance.

#### **Committee's role**

Advise the general manager and governing body of the council:

External accountability and financial reporting framework

- if council is complying with accounting standards and external accountability requirements
- of the appropriateness of councils accounting policies and disclosures
- of the implications for council of the findings of external audits and performance audits and council's

- responses and implementation of recommendations
- whether the council's financial statement preparation procedures and timelines are sound
- the accuracy of the council's annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues
  - the methods used by the council to account for significant or unusual transactions and areas of significant estimates or judgements
  - appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the council's report is consistent with signed financial statements

#### Financial management framework

- if the council's financial management processes are adequate
- the adequacy of cash management and credit card use policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases

#### Financial position and performance

- if policies and procedures for management review and consideration of the financial position and performance of the council are adequate

#### Grants and tied funding policies and procedures

- if council's grants and tied funding policies and procedures are sound.

## Governance framework

section 428A(2)(e)

### Principle

Council has an effective governance framework to ensure it is appropriately directing and controlling the management of the council.

### Committee's role

Advise the governing body and general manager if the council's governance framework is sound, including the council's:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key role and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities
- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge.

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## Improvement

### Strategic planning

section 428A(2)(f)

### Principle

Council has an effective framework that ensures it achieves its strategic plans and objectives under the integrated planning and reporting (IP&R) framework.

### Committee's role

Advise the general manager and governing body of the council:

- of the adequacy and effectiveness of the council's IP&R processes
- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and

- whether the council is successfully implementing and achieving its IP&R objectives and strategies.

## Service reviews and business improvement

section 428A(2)(g) and s428A(3)

### Principle

Council has an effective framework to ensure it is delivering services and conducting its business and functions to an expected standard.

### Committee's role

- Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, NSW government agencies, Commonwealth government agencies, insurance bodies)
- Advise the general manager and governing body of the council:
  - if council has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
  - if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
  - how the council can improve its service delivery and the council's performance of its business and functions generally

## Performance data and measurement

section 428A(2)(h)

### Principle

Council's performance management framework ensures council can measure its performance and if it is achieving its strategic goals.

### Committee's role

Advise the general manager and governing body of the council:

- if council has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- the performance indicators council uses are effective, and
- of the adequacy of performance data collection and reporting.

# Appendix 3:

## **Model Terms of Reference for audit, risk and improvement committees**



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## Model Terms of Reference for local government audit, risk and improvement committees

[Council/joint organisation] has established an audit, risk and improvement committee in compliance with section 428A of the *Local Government Act 1993* and clauses (#tbc) of the *Local Government (General) Regulation 2005*. These terms of reference set out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

### Objective

The objective of [council's/joint organisation's] audit, risk and improvement committee is to provide independent assurance to [council/joint organisation] by monitoring, reviewing and providing advice about the [council's/joint organisation's] governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

### Independence

The Committee is to be independent to ensure it has no real or perceived bias or conflicts of interest that may interfere with its ability to act independently and provide [council/joint organisation] with robust, objective and unbiased advice and assurance.

The Committee is to provide an advisory and assurance role only and is to have no administrative function, delegated financial responsibility or any management functions of the [council/joint organisation]. The Committee will provide independent advice to the [council/joint organisation] that is informed by the [council's/joint organisation's] internal audit and risk management activities and information and advice provided by [council staff/joint organisation], relevant external bodies and subject matter experts.

The Committee must at all times ensure it maintains a direct reporting line to and from the [council's/joint organisation's] internal audit function and act as a mechanism for internal audit to report to the [governing body/board] and [general manager/executive officer] on matters affecting the performance of the internal audit function.

### Authority

[Council/joint organisation] authorises the Committee, for the purposes of exercising its role and responsibilities, to:

- access any information it needs from the [council/joint organisation]
- use any [council/joint organisation] resources it needs
- have direct and unrestricted access to the [general manager/executive officer] and senior management of the [council/joint organisation]
- seek the [general manager's/executive officer's] permission to meet with any other [council/joint organisation] staff member or contractor
- discuss any matters with the external auditor or other external parties
- request the attendance of any employee at committee meetings, and
- obtain external legal or other professional advice. [Detail any prior approval needed or pre-determined budget for costs].

Information and documents pertaining to the Committee are confidential and are not to be made publicly available. The Committee may only release [council/joint organisation] information to external parties that are assisting the Committee to fulfil its responsibilities with the approval of the [general manager/executive officer], except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention. [change if documentation is to be made available to the public]

## Composition and tenure

The Committee consists of [tier 1 – one independent prequalified voting Chair, two independent voting members and one non-voting councillor/board member] [tier 2 – one independent prequalified voting Chair, one independent prequalified voting member, one independent voting member and one non-voting councillor/board member] [tier 3 – one independent prequalified voting Chair, two independent prequalified voting members and one non-voting councillor member/board member], in accordance with the *Guidelines for risk management and internal audit in local councils in NSW*.

[If applicable - council/joint organisation has been granted an exemption by the Secretary of the Department of Planning, Industry and Environment from the requirement that the Chair of the Committee be prequalified under the NSW Government's *Audit and Risk Committee Independent Chairs and Members Prequalification Scheme*.]

The [governing body/board] is to appoint the Chair and members of the Committee. The Chair is counted as one member of the Committee. Current committee members are:

[name]	Independent chair (voting)
[name]	Independent member (voting)
[name]	Independent member (voting)
[name]	[Councillor/board] member (non-voting) (if applicable) [cannot be the mayor]

All committee members are to meet the independence and eligibility criteria prescribed in the *Guidelines for risk management and internal audit in local councils in NSW*.

Members will be appointed for a four-year period. Members can be reappointed for a further term, but the total period of continuous membership cannot exceed eight years. This includes any term as Chair of the Committee. Members who have served an eight-year term (either as member or Chair) must have a two-year break from serving on the Committee before being appointed again. To preserve the Committee's knowledge of [council/joint organisation], ideally, no more than one member should leave the Committee because of rotation on any one year.

Specific member terms and conditions are to be disclosed in a letter of appointment. New members will be thoroughly inducted to their role and receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Prior to approving the reappointment or extension of the Chair's or an independent member's term, the [governing body/board] is to undertake an assessment of the Chair's or committee member's performance. Reappointment of the Chair and members is also to be subject to the individual still meeting independence and eligibility requirements.

Members of the Committee are to possess and maintain a broad range of skills, knowledge and experience relevant to the operations, governance and financial management of [council/joint organisation], the environment in which [council/joint organisation] operates, and the contribution that the Committee makes to the [council/joint organisation]. At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a local government environment. All members should have sufficient understanding of the [council's/joint organisation's] financial reporting responsibilities to be able to contribute to the Committee's consideration of the [council's/joint organisation's] annual financial statements.

[Add any relevant details about shared arrangements, if applicable].

## Role

In accordance with section 428A of the *Local Government Act 1993*, the role of the Committee is to review and provide independent advice to the [council/joint organisation] regarding the following aspects of the [council's/joint organisation's] operations:

- compliance
- risk management
- fraud control
- financial management
- governance
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data by the [council/joint organisation], and
- internal audit.

The Committee must also provide information to the [council/joint organisation] for the purpose of improving [council's/joint organisation's] performance of its functions.

The Committee's specific audit, risk and improvement responsibilities under section 428A are outlined in Schedule 1 to this charter.

The Committee will act as a forum for the [council's/joint organisation's] internal audit function and oversee its planning, monitoring and reporting to ensure it operates effectively.

The Committee will have no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings.

The Committee is directly responsible and accountable to the [governing body of the council/board of the joint organisation] for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the [council/joint organisation] rests with the [governing body/board] and [general manager/executive officer].

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the [governing body of the council/board of the joint organisation] from time to time.

## Responsibilities of members

### Independent members

The Chair and members of the Committee are expected to understand and observe the requirements of the *Guidelines for risk management and internal audit for local government in NSW*. Members are also expected to:

- make themselves available as required to attend and participate in meetings
- contribute the time needed to review and understand information provided to it
- apply good analytical skills, objectivity and judgement
- act in the best interests of the [council/joint organisation]
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry
- maintain effective working relationships with the [council/joint organisation]
- have strong leadership qualities (Chair)
- lead effective committee meetings (Chair), and
- oversee the [council's/joint organisation's] internal audit function (Chair).

### [Councillor/board] members (if applicable)

To preserve the independence of the Committee, the [councillor/board] member of the Committee is a non-voting member. Their role is to:

- relay to the Committee any concerns the [governing body/board] may have regarding the [council/joint organisation] and issues being considered by the Committee
- provide insights into local issues and the strategic priorities of the [council/joint organisation] that would add value to the Committee's consideration of agenda items
- advise the [governing body/board] (as necessary) of the work of the Committee and any issues arising from it, and
- assist the [governing body/board] to review the performance of the Committee.

Issues or information the councillor member raises with or provides to the Committee must relate to the matters listed in Schedule 1 and issues being considered by the Committee.

The [councillor/board] member of the Committee must conduct themselves in a non-partisan and professional manner. The [councillor/board] member of the Committee must not engage in any conduct that seeks to politicise the activities of the Committee or the internal audit function or that could be seen to do so.

If the [councillor/board] member of the Committee engages in such conduct or in any other conduct that may bring the Committee and its work into disrepute, the Chair of the Committee may recommend to the [council/joint organisation], that the [councillor/board] member be removed from membership of the Committee. Where the [council/joint organisation] does not agree to the Committee Chair's recommendation, the [council/joint organisation] must give reasons for its decision in writing to the Chair.

### Conduct

Independent committee members are required to comply with the [council's/joint organisation's] code of conduct and be held to the same ethical, behavioural and conduct standards as officials of the council.



Complaints or breaches of [council's/joint organisation's] code of conduct by an independent committee member are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*. The [general manager/executive officer] must consult with the [governing body/board] before taking any disciplinary action against an independent committee member in response to a breach of the [council's/joint organisation's] Code of Conduct.

Prequalified Committee members are also required to comply with the code of conduct governing the NSW Government's *Audit and Risk Committee Independent Chairs and Members Prequalification Scheme*.

### **Conflicts of interest**

Once a year, Committee members will provide written declarations to the [council/joint organisation] stating that they do not have any conflicts of interest that would preclude them from being members of the Committee. Independent committee members are 'designated persons' and must also complete and submit returns of interest.

Committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest that may have at the start of each meeting, before discussion of the relevant agenda item or issue, and when the issue arises. Where committee members and observers are deemed to have a pecuniary or a significant non-pecuniary conflict of interest, they are to remove themselves from Committee deliberations on the issue. Details of any conflicts of interest should also be appropriately minuted.

### **Standards**

Committee members are to conduct their work in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and [current Australian risk management standard], where applicable.

### **Workplans**

The work of the Committee is to be thoroughly planned and executed to ensure that all [council/joint organisation] activities and functions are reviewed. The Committee must develop a strategic plan every four years to ensure that all matters listed in Schedule 1 are reviewed by the Committee and the internal audit function over each [council/joint organisation] term. The strategic plan must be reviewed at least annually to ensure it remains appropriate.

The Committee may, in consultation with the [council's/joint organisation's] [governing body/board], vary the strategic work plan at any time to address new or emerging risks. The [governing body/board] of the [council/joint organisation] may also, by resolution, request the Committee to approve a variation to the strategic work plan. However, any decision to vary the strategic work plan must be made by the Committee.

The Committee must also develop an annual workplan to guide its work, and the work of the [name of internal audit function], over the forward year.

The Committee may, in consultation with the [council's/joint organisation's] governing body, vary the annual work plan to address new or emerging risks. The [governing body/board] of the [council/joint organisation] may also, by resolution, request the Committee to approve a variation to the annual work plan. However, any decision to vary the annual work plan must be made by the Committee.

When considering whether to vary the strategic or annual work plans, the Committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the workplan.

## Assurance reporting

The Committee must regularly report to the [council/joint organisation] to ensure that the [council/joint organisation] is kept informed of matters considered by the Committee and any emerging issues that may influence the strategic direction of the [council/joint organisation] or the achievement of the [council's/joint organisation's] goals and objectives.

The Committee will provide an update to the [governing body/board] and [general manager/executive officer] of its activities and opinions after every Committee meeting.

The Committee will provide an annual assessment to the [governing body/board] and [general manager/executive officer] each year on the Committee's work and its opinion on how [council/joint organisation] is performing.

The Committee will provide a comprehensive assessment every council term of all the matters listed in Schedule 1 to the [governing body/board] and [general manager/executive officer].

The Committee may at any time report to the [governing body/board] or [general manager/executive officer] on any other matter it deems of sufficient importance to warrant their attention. The Mayor and Chair of the Committee may also meet at any time to discuss issues relating to the work of the Committee.

Should the [governing body/board] require additional information, a request for the information may be made to the Chair by resolution. The Chair may only provide the information requested by the [governing body/board] where the Chair is satisfied that it is reasonably necessary for the [governing body/board] to receive the information for the purposes of performing its functions under the Local Government Act. Individual [councillors/board members] are not entitled to request or receive information from the Committee.

## Administrative arrangements

### Meetings

The Committee will meet at least [number] times per year, [including a special meeting to review the [council's/joint organisation's financial statements]].

The Committee can hold additional meetings when significant unexpected issues arise, or if the Chair is asked to hold an additional meeting by a committee member, the [general manager/executive officer] or the [governing body/board].

Committee meetings can be held in person, by telephone or videoconference. Proxies are not permitted if a member is unable to attend a meeting.

A quorum will consist of a majority of independent voting members. Where the vote is tied, the Chair has the casting vote.

The Chair of the Committee will decide the agenda for each committee meeting. Each committee meeting is to be minuted to preserve a record of the issues considered and the actions and decisions taken by the Committee.

The [general manager/executive officer] and [head of the internal audit function] are to attend committee meetings as non-voting observers. The external auditor (or their representative) is to be invited to each committee meeting as an independent observer. The Chair can request the

[council's/joint organisation's] [Chief Finance Officer or equivalent], [head of risk management function or equivalent], [senior managers or equivalent], any [councillors/board members], any employee/contractor of the council and any subject matter expert to attend committee meetings. These individuals must attend and provide any information requested, where possible. Observers have no voting rights and can be excluded from a meeting by the Chair at any time.

The Committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with only voting members of the committee present.

The Committee must meet separately with both the [name of internal audit function] and the [council's/joint organisation's] external auditor at least once per year.

### **Dispute resolution**

Members of the Committee and the [council's/joint organisation's] management should maintain an effective working relationship and seek to resolve any differences they may have in an amicable and professional way via discussion and negotiation.

In the event of a disagreement between the Committee and the [general manager/executive officer] or other senior managers, the dispute is to be resolved by the [governing body of the council/board of the joint organisation].

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Secretary of the Department of Planning, Industry and Environment in writing.

### **Secretariat**

The [general manager/executive officer] will appoint a [council/joint organisation] employee/s to provide secretariat support to the Committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated after approval from the Chair at least [number] weeks before the meeting and ensure that minutes of meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within [agreed timeframe] of the meeting to each member.

### **Resignation and dismissal of members**

Where the Chair or a Committee member is unable to complete their term, or does not intend to seek reappointment after the expiry of their term, they should give [agreed timeframe] notice to the Chair and [governing body/board] prior to their resignation to enable the [council/joint organisation] to ensure a smooth transition to a new committee member.

The [governing body/board] can terminate via resolution the engagement of any Chair or independent committee member before the expiry of their term where the individual has:

- breached the conditions of, or become ineligible under the NSW Government's *Audit and Risk Committee Independent Chairs and Members Prequalification Scheme*
- breached the council's Code of Conduct
- performed unsatisfactorily or not to expectations
- been declared bankrupt or found to be insolvent
- experienced an adverse change in business status
- been proven to be in a serious breach of their obligations under any legislation, or
- declared, or is found to be in, a position of a conflict of interest which is unresolvable.

The position of a [councillor/board] member on the Committee can be terminated at any time by the [governing body/board] via resolution.

### Review arrangements

At least once every council term the [governing body/board] must conduct an external review of the effectiveness of the Committee.

These terms of reference are to be reviewed annually by the Committee and once each council term by the [governing body/board]. Any substantive changes are to be approved by the [governing body/board].

### Further information

For further information on [council's/joint organisation's] audit, risk and improvement committee contact [name] on [email address] or by phone [phone number].

Reviewed by Chair of the audit, risk and improvement committee  
[signed]  
[date]

Reviewed by [council/joint organisation] or in accordance with a resolution of the governing body  
[signed]  
[date]  
[resolution reference]  
Next review date: [date]

## Schedule 1 – Audit, risk and improvement committee responsibilities

*[Note: each council/joint organisation is to determine the responsibilities of its Committee related to each matter listed in section 428A of the Local Government Act 1993 and list them in Schedule 1 to the Committee's terms of reference. Suggested responsibilities are provided below and further detailed in core requirement 1 and Appendix 2 of these Guidelines.]*

### Audit

#### Internal audit

- Provide overall strategic oversight of internal audit activities
- Act as a forum for communication between the [governing body/board], [general manager/executive officer], senior management, the internal audit function and external audit
- Coordinate, as far as is practicable, the work programs of internal audit and other assurance and review functions
- Review and advise the [council/joint organisation]:
  - on whether the [council/joint organisation] is providing the resources necessary to successfully deliver the internal audit function
  - if the [council/joint organisation] is complying with internal audit requirements, including conformance with the International Professional Practices Framework
  - if the [council's/joint organisation's] Internal Audit Charter is appropriate and whether the internal audit policies and procedures and audit/risk methodologies used by the [council/joint organisation] are suitable
  - of the strategic four-year plan and annual work plan of internal audits to be undertaken by the [council's/joint organisation's] internal audit function
  - if [council's/joint organisation's] internal audit activities are effective, including the performance of the head of the internal audit function and internal audit function
  - of the findings and recommendations of internal audits conducted, and corrective actions needed to address issues raised
  - of the implementation by [council/joint organisation] of these corrective actions
  - on the appointment of the head of the internal audit function and external providers, and
  - if the internal audit function is structured appropriately and has sufficient skills and expertise to meet its responsibilities

#### External audit

- Act as a forum for communication between the [governing body/board], [general manager/executive officer], senior management, the internal audit function and external audit
- Coordinate as far as is practicable, the work programs of internal audit and external audit
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- Review all external plans and reports in respect of planned or completed audits and monitor council's implementation of audit recommendations
- Provide advice to the [governing body/board] and/or [general manager/executive officer] on action taken on significant issues raised in relevant external audit reports and better practice guides

## Risk

### Risk management

Review and advise the [council/joint organisation]:

- if the [council's/joint organisation's] has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the [council/joint organisation] is providing the resources necessary to successfully implement its risk management framework
- whether the [council's/joint organisation's] risk management framework is adequate and effective for identifying and managing the risks the [council/joint organisation] faces, including those associated individual projects, programs and other activities
- if risk management is integrated across all levels of the [council/joint organisation] and across all processes, operations, services, decision-making, functions and reporting
- of the adequacy of risk reports and documentation, for example, the [council's/joint organisation's] risk register and risk profile
- whether a sound approach has been followed in developing risk management plans for major projects or undertakings
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- if [council/joint organisation] has taken steps to embed a culture which is committed to ethical and lawful behaviour
- if there is a positive risk culture within the [council/joint organisation] and strong leadership that supports effective risk management
- of the adequacy of staff training and induction in risk management
- how the [council's/joint organisation's] risk management approach impacts on the [council's/joint organisation's] insurance arrangements
- of the effectiveness of [council's/joint organisation's] management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

### Internal controls

Review and advise the [council/joint organisation]:

- whether [council's/joint organisation's] approach to maintaining an effective internal audit framework, including over external parties such as contractors and advisors, is sound and effective
- whether [council/joint organisation] has in place relevant policies and procedures and that these are periodically reviewed and updated
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the [council's/joint organisation's] monitoring and review of controls is sufficient, and
- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately

## Compliance

Review and advise the [council/joint organisation] of the adequacy and effectiveness of the [council's/joint organisation's] compliance framework, including:

- if the [council/joint organisation] has appropriately considered legal and compliance risks as part of the [council's/joint organisation's] risk management framework
- how the [council/joint organisation] manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

## Fraud and corruption

Review and advise the [council/joint organisation] of the adequacy and effectiveness of the [council's/joint organisation's] fraud and corruption prevention framework and activities, including whether the [council/joint organisation] has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

## Financial management

Review and advise the [council/joint organisation]:

- if [council/joint organisation] is complying with accounting standards and external accountability requirements
- of the appropriateness of [council's/joint organisation's] accounting policies and disclosures
- of the implications for [council/joint organisation] of the findings of external audits and performance audits and [council's/joint organisation's] responses and implementation of recommendations
- whether the [council's/joint organisation's] financial statement preparation procedures and timelines are sound
- the accuracy of the [council's/joint organisation's] annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues
  - the methods used by the [council/joint organisation] to account for significant or unusual transactions and areas of significant estimates or judgements
  - appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the [council's/joint organisation's] report is consistent with signed financial statements
- if the [council's/joint organisation's] financial management processes are adequate
- the adequacy of cash management policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases
- if policies and procedures for management review and consideration of the financial position and performance of the [council/joint organisation] are adequate
- if [council's/joint organisation's] grants and tied funding policies and procedures are sound.

## Governance

Review and advise the [council/joint organisation] regarding its governance framework, including the [council's/joint organisation's]:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key role and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities
- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge

## Improvement

### Strategic planning

Review and advise the [council/joint organisation]:

- of the adequacy and effectiveness of the [council's/joint organisation's] IP&R processes
- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and
- whether the [council/joint organisation] is successfully implementing and achieving its IP&R objectives and strategies.

### Service reviews and business improvement

- Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, NSW government agencies, Commonwealth government agencies, insurance bodies)
- Review and advise the [council/joint organisation]:
  - if [council/joint organisation] has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
  - if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
  - how the [council/joint organisation] can improve its service delivery and the [council's/joint organisation's] performance of its business and functions generally

### Performance data and measurement

Review and advise the [council/joint organisation]:

- if [council/joint organisation] has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- if the performance indicators [council/joint organisation] uses are effective, and
- of the adequacy of performance data collection and reporting.



# Appendix 4:

## Council categories



## Tier 1

### General purpose councils

#### Definition:

- ❖ **Local government area is in a remote location with a population of <20,000 persons**
- ❖ **Local government area is predominantly rural or agricultural in nature with low population growth.**

- Balranald Shire Council
- Bellingen Shire Council
- Berrigan Shire Council
- Bland Shire Council
- Blayney Shire Council
- Bogan Shire Council
- Bourke Shire Council
- Brewarrina Shire Council
- Cabonne Council
- Carrathool Shire Council
- Central Darling Shire Council
- Cobar Shire Council
- Coolamon Shire Council
- Coonamble Shire Council
- Cootamundra-Gundagai Regional Council
- Cowra Shire Council
- Dungog Shire Council
- Edward River Council
- Federation Council
- Forbes Shire Council
- Gilgandra Shire Council
- Glen Innes Severn Council
- Greater Hume Shire Council
- Gunnedah Shire Council
- Gwydir Shire Council
- Hay Shire Council
- Hilltops Council
- Inverell Shire Council
- Junee Shire Council
- Kyogle Council
- Lachlan Shire Council
- Leeton Shire Council
- Liverpool Plains Shire Council
- Lockhart Shire Council
- Moree Plains Shire Council
- Murray River Council
- Murrumbidgee Council
- Muswellbrook Shire Council
- Nambucca Valley Council
- Narrabri Shire Council

- Narrandera Shire Council
- Narromine Shire Council
- Oberon Council
- Parkes Shire Council
- Snowy Valleys Council
- Temora Shire Council
- Tenterfield Shire Council
- Upper Hunter Shire Council
- Upper Lachlan Shire Council
- Uralla Shire Council
- Walcha Council
- Walgett Shire Council
- Warren Shire Council
- Warrumbungle Shire Council
- Weddin Shire Council
- Wentworth Shire Council
- Yass Valley Council

### County councils

#### Definition:

- ❖ **County council is small in size and has lower operating revenue and expenses compared to other county councils**

- Castlereagh-Macquarie County Council
- Central Tablelands Water County Council
- Hawkesbury River County Council
- New England Tablelands (Noxious Plants) County Council
- Upper Hunter Council Council
- Upper Macquarie County Council

### Joint organisations

#### Definition:

- ❖ **All joint organisations**
- Canberra Region Joint Organisation
- Central NSW Councils Joint Organisation
- Far North Coast Joint Organisation
- Far South West Joint Organisation
- Hunter Joint Organisation of Councils
- Illawarra Shoalhaven Joint Organisation
- Mid North Coast Joint Organisation
- Namoi Joint Organisation
- New England Joint Organisation
- Northern Rivers Joint Organisation
- Riverina and Murray Joint Organisation
- Riverina Joint Organisation

## Tier 2

### General purpose councils

**Definition:**

- ❖ **Local government area is part of a regional urban centre that has a population <1,000,000 persons**
- ❖ **Local government area has a population of <20,000 persons or a population density of >30 persons/km<sup>2</sup> and is predominantly urban in nature**

- Albury City Council
- Armidale Regional Council
- Ballina Shire Council
- Bathurst Regional Council
- Bega Valley Shire Council
- Broken Hill City Council
- Byron Shire Council
- Cessnock City Council
- Clarence Valley Council
- Coffs Harbour City Council
- Dubbo Regional Council
- Eurobodalla Shire Council
- Goulburn Mulwaree Council
- Griffith City Council
- Kempsey Shire Council
- The Council of the Municipality of Kiama
- Lismore City Council
- City of Lithgow Council
- Maitland City Council
- Mid-Coast Council
- Mid-Western Regional Council
- Orange City Council
- Port Macquarie-Hastings Council
- Port Stephens Council
- Queanbeyan-Palerang Regional Council
- Richmond Valley Council
- Shellharbour City Council
- Shoalhaven City Council
- Singleton Council
- Snowy Monaro Regional Council
- Tamworth Regional Council
- Tweed Shire Council
- Wagga Wagga City Council
- Wingecarribee Shire Council

### County councils

**Definition:**

- ❖ **County Council provides essential utility services to the regional area and has higher revenue and operating expenses compared to other county councils**

- Goldenfields Water County Council
- Riverina Water County Council
- Rous County Council

## Tier 3

### General purpose councils

**Definition:**

- ❖ **Local government area is part of, or on the fringe of, an urban centre that has a population >1,000,000 persons and population density of 600 persons/km<sup>2</sup>**
- ❖ **Local government area has a population of > 20,000 persons or population density of >30 persons/km<sup>2</sup> or 90% of LGA population is urban**

- Bayside Council
- Blacktown City Council
- Blue Mountains City Council
- Burwood Council
- City of Canada Bay Council
- Camden Council
- Campbelltown City Council
- Canterbury-Bankstown Council
- Central Coast Council
- Cumberland Council
- Fairfield City Council
- Georges River Council
- Hawkesbury City Council
- The Hills Shire Council
- The Council of the Shire of Hornsby
- The Council of the Municipality of Hunters Hill
- Inner West Council
- Ku-ring-gai Council
- Lake Macquarie City Council
- Lane Cove Municipal Council
- Liverpool City Council
- Mosman Municipal Council
- Newcastle City Council

- Northern Beaches Council
- North Sydney Council
- Council of the City of Parramatta
- Penrith City Council
- Randwick City Council
- Council of the City of Ryde
- Strathfield Municipal Council
- Sutherland Shire Council
- Council of the City of Sydney
- Waverley Council
- Willoughby City Council
- Wollondilly Shire Council
- Wollongong City Council
- Woollahra Municipal Council

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# Appendix 5:

## Example risk management policy

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## Example risk management policy

### Purpose

The purpose of this policy is to express [council's/joint organisation's] commitment to implementing organisation-wide risk management principles, systems and processes that ensure the consistent, efficient and effective assessment of risk in all [council's/joint organisation's] planning, decision-making and operational processes.

### Risk management framework

[Council/joint organisation] provides critical services and infrastructure to the residents, ratepayers and visitors to [area]. [Council/joint organisation] also has service agreements and contractual obligations with government and non-government agencies and organisations and has its own strategic goals and objectives that it seeks to achieve on behalf of the [area] community.

It is therefore incumbent on [council/joint organisation] to understand the internal and external risks that may impact the delivery of these services, contracts and strategic objectives and have processes in place to identify, mitigate, manage and monitor those risks to ensure the best outcome for [council/joint organisation], staff and the community. It is also our responsibility to ensure the efficient, effective and ethical use of resources and services by ratepayers, residents, staff and visitors.

[Council/joint organisation] has developed a risk management framework consistent with [Australian standard] to assist it to identify, treat, monitor and review all risks to its operations and strategic objectives and apply appropriate internal controls.

[Council/joint organisation] is committed to the principles, framework and process of managing risk as outlined in [Australian standard] and commits to fully integrating risk management within the [council/joint organisation] and applying it to all decision-making, functions, services and activities of the [council/joint organisation] in accordance with our statutory requirements.

### Responsibilities

[Council/joint organisation] aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making at [council/joint organisation]. It is the responsibility of every staff member and business area to observe and implement this policy and [council's/joint organisation's] risk management framework.

All staff are responsible for identifying and managing risk within their work areas. Key responsibilities include:

- being familiar with, and understanding, the principles of risk management
- complying with all policies, procedures and practices relating to risk management
- alerting management to risks that exist within their area, and
- performing any risk management activities assigned to them as part of their daily role.

Risk management is a core responsibility for all senior staff/management at [council/organisation]. In addition to their responsibilities as staff members, senior staff/management are responsible for:

- ensuring all staff manage their risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken
- encouraging openness and honesty in the reporting and escalation of risks
- ensuring all staff have the appropriate capability to perform their risk management roles
- reporting to the [general manager/executive officer] on the status of risks and controls, and
- identifying and communicating improvements in [council's/joint organisation's] risk management practices to [council's/joint organisation's] risk management function.

[Council's/joint organisation's] risk management function is available to support staff in undertaking their risk management activities.

To ensure [council/joint organisation] is effectively managing its risk and complying with its statutory obligations, [council's/joint organisation's] audit, risk and improvement committee and internal audit function is responsible for reviewing the [council's/joint organisation's]:

- risk management processes and procedures
- risk management strategies for major projects or undertakings
- control environment and insurance arrangements
- business continuity planning arrangements, and
- fraud control plan.

## Monitoring and Review

[Council/joint organisation] is committed to continually improving its ability to manage risk. [Council/joint organisation] will review this policy and its risk management framework at least annually to ensure it continues to meet the requirements of the *Local Government Act 1993*, *Local Government (General) Regulation 2005*, and the [council's/joint organisation's] requirements.

## Further information

For further information on [council's/joint organisation's] risk management policy, framework and process, contact [name] on [email address] or by phone [phone number].

[signed – General Manager/Executive officer]  
[name]  
[date]  
[review date]

# Appendix 6:

## Model Internal Audit Charter



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## Model Internal Audit Charter for local councils in NSW

[Council/joint organisation] has established the [name of internal audit function] as a key component of the [council's/joint organisation's] governance and assurance framework and in compliance with the *Guidelines for risk management and internal audit in local councils in NSW*. This Charter provides the framework for the conduct of the [name of internal audit function] in [council/joint organisation] and has been approved by the [governing body/board] taking into account the advice of the [council's/joint organisation's] audit, risk and improvement committee.

### Purpose of internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve a [council's/joint organisation's] operations. It helps a [council/joint organisation] accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes<sup>2</sup>.

Internal audit provides an independent and objective review and advisory service to provide advice to the [governing body/board], [general manager/executive officer] and audit, risk and improvement committee about the [council's/joint organisation's] governance processes, risk management and control frameworks and its external accountability obligations. It also assists the [council/joint organisation] to improve its business performance.

### Independence

[Council's/joint organisation's] [name of internal audit function] is to be independent of the [council/joint organisation] so it can provide an unbiased assessment of the [council's/joint organisation's] operations and risk and control activities.

[Name of internal audit function] reports functionally to the [council's/joint organisation's] audit, risk and improvement committee on the results of completed audits, and for strategic direction and accountability purposes, and reports administratively to the [general manager/executive officer] to facilitate day-to-day operations. Internal audit activities are not subject to direction by the [council/joint organisation] and the [council's/joint organisation's] management has no role in the exercise of the [council's/joint organisation's] internal audit activities.

The audit, risk and improvement committee is responsible for communicating any internal audit issues or information to the [governing body/board]. Should the [governing body/board] require additional information, a request for the information may be made to the Chair by resolution. The Chair may only provide the information requested by the [governing body/board] where the Chair is satisfied that it is reasonably necessary for the [governing body/board] to receive the information for the purposes of performing its functions under the Local Government Act. Individual [councillors/board members] are not entitled to request or receive information from the committee.

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<sup>2</sup> As defined by the International Standards for the Professional Practice of Internal Auditing (2017)

[Detail any delegations made by the general manager/executive officer regarding their internal audit responsibilities].

The [general manager/executive officer] must consult with the Chair of the [council's/joint organisation's] audit, risk and improvement committee before appointing or changing the employment conditions of the [head of internal audit function]. Where dismissal occurs, the [general manager/executive officer] must report to the [governing body/board] advising of the reasons why the [head of internal audit function] was dismissed.

Where the chair of the [council's/joint organisation's] audit, risk and improvement committee has any concerns about the treatment of the [head of internal audit function], or any action taken that may compromise the [head of internal audit function's] ability to undertake their functions independently, they can report their concerns to the [governing body/board].

The [head of internal audit function] is to confirm at least annually to the audit, risk and improvement committee the independence of internal audit activities from the [council/joint organisation].

## Authority

[Council/joint organisation] authorises the [name of internal audit function] to have full, free and unrestricted access to all functions, premises, assets, personnel, records and other documentation and information that the [head of the internal audit function] considers necessary to enable the [name of the internal audit function] to fulfil its responsibilities.

All records, documentation and information accessed while undertaking internal audit activities are to be used solely for the conduct of these activities. The [head of internal audit function] and individual internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during their work.

All internal audit documentation is to remain the property of [council/joint organisation], including where internal audit services are performed by an external third-party provider.

Information and documents pertaining to the [name of the internal audit function] are not to be made publicly available. The [name of the [internal audit function]] may only release [council/joint organisation] information to external parties that are assisting the [name of the internal audit function] to fulfil its responsibilities with the approval of the [general manager/executive officer], except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

## Role

The [name of internal audit function] is to support the [council's/joint organisation's] audit, risk and improvement committee to review and provide independent advice to the [council/joint organisation] in accordance with section 428A of the *Local Government Act 1993*. This includes conducting internal audits of [council/joint organisation] and monitoring the implementation of corrective actions.

The [name of internal audit function] is to also play an active role in:

- developing and maintaining a culture of accountability and integrity
- facilitating the integration or risk management into day-to-day business activities and processes, and
- promoting a culture of high ethical standards.

[Name of internal audit function] has no direct authority or responsibility for the activities it reviews. [Name of internal audit function] has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in [council/joint organisation] functions or activities (except in carrying out its own functions).

## [Head of internal audit function]

### Option 1: In-house internal audit function

[Council's/joint organisation's] [name of internal audit function] is to be led by a member of [council's/joint organisation's] staff with sufficient skills, knowledge and experience to ensure it fulfils its roles and responsibilities to the [council/joint organisation] and its audit, risk and improvement committee. The [head of internal audit function] must be independent, impartial, unbiased and objective when performing their work and free from any conflicts of interest.

Responsibilities of the [head on internal audit function] include:

- managing the day-to-day activities of the [name of internal audit function]
- managing the [council's/joint organisation's] internal audit budget
- supporting the operation of the [council's/joint organisation's] audit, risk and improvement committee
- approving internal audit project plans, conducting or supervising audits and assessments and providing independent advice to the audit, risk and improvement committee
- monitoring the [council's/joint organisation's] implementation of corrective actions that arise from the findings of audits
- fulfilling the Committee's annual work plan and four-yearly strategic plan
- ensuring the [council's/joint organisation's] internal audit activities comply with the *Guidelines on risk management and internal audit in local councils in NSW*, and
- contract management and oversight of supplementary external providers (where appropriate).

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

### Option 2: Outsourced internal audit function

[Council's/joint organisation's] [name of internal audit function] is to be led by a member of [council's/joint organisation's] staff with sufficient skills, knowledge and experience to ensure it fulfils its roles and responsibilities to the [council/joint organisation] and its audit, risk and improvement committee. The [head of internal audit function] must be independent, impartial, unbiased and objective when performing their work and free from any conflicts of interest.

Responsibilities of the [head on internal audit function] include:

- contract management
- managing the internal audit budget
- ensuring the external provider completes internal audits in line with the audit, risk and improvement committee's annual plan and four-yearly strategic plan
- forwarding audit reports by the external provider to the audit, risk and improvement committee
- acting as a liaison between the external provider and the audit, risk and improvement committee
- monitoring the [council's/joint organisation's] implementation of corrective actions that arise from the findings of audits and reporting progress to the audit, risk and improvement committee, and
- assisting the audit, risk and improvement committee to ensure the [council's/joint organisation's] internal audit activities comply with the *Guidelines on risk management and internal audit in local councils in NSW*.

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

## [Name of internal audit team]

### Option 1: In-house internal audit team

Members of the [name of internal audit function] are responsible to the [head of internal audit function].

Individuals that perform internal audit activities for [council/joint organisation] must have:

- an appropriate level of understanding of the [council's/joint organisation's] culture, systems and processes
- the skills, knowledge and experience necessary to conduct internal audit activities in the [council/joint organisation]
- effective interpersonal and communication skills to ensure they can partner with [council/joint organisation] staff effectively and collaboratively, and
- honesty, integrity and diligence.

[Details of any dual responsibilities and independence safeguards]

[Details of any shared arrangements]

### Option 2: Out-sourced internal audit team

[Council/joint organisation] is to contract an external third-party provider to undertake its internal audit activities. To ensure the independence of the external provider, the [head of internal audit function] is to ensure the external provider:

- does not conduct any audits on specific [council/joint organisation] operations or areas that they have worked on within the last two years
- is not the same provider conducting the [council's/joint organisation's] external audit
- is not the auditor of any contractors of the [council/joint organisation] that may be possibly subject to the internal audit, and
- is able to meet the [council's/joint organisation's] obligations under the *Guidelines on risk management and internal audit for local councils in NSW*.

The [head of internal audit function] must consult with the audit, risk and improvement committee and [general manager/executive officer] regarding the appropriateness of the skills, knowledge and experience of any external provider before they are engaged by the [council/joint organisation].

[Details of any shared arrangements]

## Performing internal audit activities

The work of the [name of internal audit function] is to be thoroughly planned and executed. The [council's/joint organisation's] audit, risk and improvement committee must develop a strategic plan every four years to ensure that all matters listed in Schedule 1 are reviewed by the Committee and the internal audit function over each council term. The strategic plan must be reviewed at least annually to ensure it remains appropriate.

The Committee is to also develop an annual workplan to guide the work of the internal audit function over the forward year.

All internal audit activities are to be performed in a manner that is consistent with relevant professional standards including the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and [current Australian risk management standard].

The [head of the internal audit function] is to provide the findings and recommendations of internal audits to the audit, risk and improvement committee at the end of each audit. Each report is to include a response from the relevant senior manager.

The [head of internal audit function] is to establish an ongoing monitoring system to follow up [council's/joint organisation's] progress in implementing corrective actions.

The [general manager/executive officer], in consultation with the audit, risk and improvement committee, is to develop and maintain policies and procedures to guide the operation of the [council's/joint organisation's] [name of internal audit function].

The [head of internal audit function] is to ensure that the audit, risk and improvement committee is advised at each of the committee's meetings of the internal audit activities completed during that quarter, progress in implementing the annual work plan and progress made implementing corrective actions.

## Conduct

Internal audit personnel are required to comply with the [council's/joint organisation's] code of conduct. Complaints about breaches of [council's/joint organisation's] code of conduct by internal audit personnel are to be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*. The [general manager/executive officer] must consult with the [council's/joint organisation's] audit, risk and improvement committee before any disciplinary action taken against the [head of the internal audit function] in response to a breach of the [council's/joint organisation's] Code of Conduct.

Internal auditors are also required to comply with the Code of Ethics for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

## Administrative arrangements

### Audit, risk and improvement committee meetings

The [head of the internal audit function] will attend audit, risk and improvement committee meetings as an independent non-voting observer. The [head of the internal audit function] can be excluded from meetings by the committee at any time.

The [head of the internal audit function] must meet separately with the audit, risk and improvement committee at least once per year.

The [head of the internal audit function] can meet with the chair of the audit, risk and improvement committee at any time, as necessary, in between committee meetings.

### External audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and to facilitate coordination.

External audit will have full and free access to all internal audit plans, working papers and reports.

### **Dispute resolution**

[Name of internal audit function] should maintain an effective working relationship with the [council/joint organisation] and the audit, risk and improvement committee and seek to resolve any differences they may have in an amicable and professional way via discussion and negotiation.

In the event of a disagreement between the [name of internal audit function] and the [council/joint organisation], the dispute is to be resolved by the [general manager/executive officer] and/or the audit, risk and improvement committee. Disputes between the [name of internal audit function] and audit, risk and improvement committee are to be resolved by the [governing body of the council/board of the joint organisation].

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Secretary of the Department of Planning, Industry and Environment in writing.

### **Review arrangements**

[Council's/joint organisation's] audit, risk and improvement committee must review the performance of the internal audit function each year and report its findings to the [governing body/board]. A strategic review of the [name of internal audit function] must be conducted each council term that considers the views of an external party with a strong knowledge of internal audit on the performance of the [internal audit function] and reported to the [governing body/board].

This charter is to be reviewed annually by the Committee and once each council term by the [governing body/board]. Any substantive changes are to be approved by the [governing body/board].

### **Further information**

For further information on [council's/joint organisation's] internal audit activities contact [name] on [email address] or by phone [phone number].

Reviewed by [head of internal audit function]  
[sign and date]

Reviewed by Chair of the [council's/joint organisation's] audit, risk and improvement committee  
[sign and date]

Reviewed by [council/joint organisation] or in accordance with a resolution of the [governing body/board]  
[sign and date]  
[resolution reference]

## Schedule 1 – internal audit function responsibilities

*[Note: each council/joint organisation is to determine the responsibilities of its internal audit function Committee related to each matter listed in section 428A of the Local Government Act 1993 and list them in Schedule 1 to the council's/joint organisation's Internal Audit Charter. Suggested responsibilities are provided below and further detailed in core requirement 3 and Appendix 2 of these Guidelines.]*

### Audit

#### Internal audit

- Conduct internal audits as directed by the [council's/joint organisation's] audit, risk and improvement committee
- Implement the [council's/joint organisation's] annual and strategic internal audit work plans
- Monitor the implementation by [council/joint organisation] of corrective actions
- Assist the [council/joint organisation] to develop and maintain a culture of accountability and integrity
- Facilitate the integration of risk management into day-to-day business activities and processes, and
- Promote a culture of high ethical standards.

#### External audit

- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- Review all external plans and reports in respect of planned or completed audits and monitor [council's/joint organisation's] implementation of audit recommendations
- Provide advice on action taken on significant issues raised in relevant external audit reports and better practice guides

### Risk

#### Risk management

Review and advise:

- if the [council's/joint organisation's] has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard
- whether the [council's/joint organisation's] risk management framework is adequate and effective for identifying and managing the risks the [council/joint organisation] faces, including those associated with individual projects, programs and other activities
- if risk management is integrated across all levels of the [council/joint organisation] and across all processes, operations, services, decision-making, functions and reporting
- of the adequacy of risk reports and documentation, for example, the [council's/joint organisation's] risk register and risk profile
- whether a sound approach has been followed in developing risk management plans for major projects or undertakings
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- if [council/joint organisation] has taken steps to embed a culture which is committed to ethical and lawful behaviour
- if there is a positive risk culture within the [council/joint organisation] and strong leadership that supports effective risk management

- of the adequacy of staff training and induction in risk management
- how the [council's/joint organisation's] risk management approach impacts on the [council's/joint organisation's] insurance arrangements
- of the effectiveness of [council's/joint organisation's] management of its assets, and
- of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

### **Internal controls**

Review and advise:

- whether [council's/joint organisation's] approach to maintaining an effective internal audit framework, including over external parties such as contractors and advisors, is sound and effective
- whether [council/joint organisation] has in place relevant policies and procedures and that these are periodically reviewed and updated
- whether appropriate policies and procedures are in place for the management and exercise of delegations
- whether staff are informed of their responsibilities and processes and procedures to implement controls are complied with
- if the [council's/joint organisation's] monitoring and review of controls is sufficient, and
- if internal and external audit recommendations to correct internal control weaknesses are implemented appropriately

### **Compliance**

Review and advise of the adequacy and effectiveness of the council's compliance framework, including:

- if the [council/joint organisation] has appropriately considered legal and compliance risks as part of the [council's/joint organisation's] risk management framework
- how the [council/joint organisation] manages its compliance with applicable laws, regulations, policies, procedures, codes, and contractual arrangements, and
- whether appropriate processes are in place to assess compliance.

### **Fraud and corruption**

Review and advise of the adequacy and effectiveness of the [council's/joint organisation's] fraud and corruption prevention framework and activities, including whether the [council/joint organisation] has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

### **Financial management**

Review and advise:

- if [council/joint organisation] is complying with accounting standards and external accountability requirements
- of the appropriateness of [council's/joint organisation's] accounting policies and disclosures
- of the implications for [council/joint organisation] of the findings of external audits and performance audits and [council's/joint organisation's] responses and implementation of recommendations
- whether the [council's/joint organisation's] financial statement preparation procedures and timelines are sound
- the accuracy of the [council's/joint organisation's] annual financial statements prior to external audit, including:
  - management compliance/representations
  - significant accounting and reporting issues



- the methods used by the [council/joint organisation] to account for significant or unusual transactions and areas of significant estimates or judgements
- appropriate management signoff on the statements
- if effective processes are in place to ensure financial information included in the [council's/joint organisation's] report is consistent with signed financial statements
- if the [council's/joint organisation's] financial management processes are adequate
- the adequacy of cash management policies and procedures
- if there are adequate controls over financial processes, for example:
  - appropriate authorisation and approval of payments and transactions
  - adequate segregation of duties
  - timely reconciliation of accounts and balances
  - review of unusual and high value purchases
- if policies and procedures for management review and consideration of the financial position and performance of the [council/joint organisation] are adequate
- if [council's/joint organisation's] grants and tied funding policies and procedures are sound.

### **Governance**

Review and advise of the adequacy of the [council/joint organisation] governance framework, including the [council's/joint organisation's]:

- decision-making processes
- implementation of governance policies and procedures
- reporting lines and accountability
- assignment of key roles and responsibilities
- committee structure
- management oversight responsibilities
- human resources and performance management activities
- reporting and communication activities
- information and communications technology (ICT) governance, and
- management and governance of the use of data, information and knowledge

### **Improvement**

#### **Strategic planning**

Review and advise:

- of the adequacy and effectiveness of the [council's/joint organisation's] IP&R processes
- if appropriate reporting and monitoring mechanisms are in place to measure progress against objectives, and
- whether the [council/joint organisation] is successfully implementing and achieving its IP&R objectives and strategies.

#### **Service reviews and business improvement**

Review and advise:

- if [council/joint organisation] has robust systems to set objectives and goals to determine and deliver appropriate levels of service to the community and business performance
- if appropriate reporting and monitoring mechanisms are in place to measure service delivery to the community and overall performance, and
- how the [council/joint organisation] can improve its service delivery and the [council's/joint organisation's] performance of its business and functions generally

### **Performance data and measurement**

Review and advise:

- if [council/joint organisation] has a robust system to determine appropriate performance indicators to measure the achievement of its strategic objectives
- if the performance indicators [council/joint organisation] uses are effective, and
- of the adequacy of performance data collection and reporting.

DRAFT



## Summary of changes to the proposed new risk management and internal audit framework in response to submissions

### Audit, Risk and Improvement Committees (ARIC)

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- More 'principles-based' approach to reduce prescription and assist councils and ARICs to focus on desired outcomes
- New tiered ARIC model for metropolitan, regional and rural/remote councils and joint organisations and county councils with reduced prequalification requirements to better reflect the different needs of councils and their ability to attract ARIC members
  - enables a mix of prequalified, non-prequalified, independent and councillor members
  - new eligibility criteria for non-prequalified and councillor members
- More flexibility in ARICs' role:
  - ARIC provides limited assurance rather than full assurance – role and reporting terminology changed to reflect this
  - ARIC reviews all matters listed in s428A of the *Local Government Act 1993* over the council term, rather than annually, and focuses on systems/controls in place
  - more flexibility for councils to shape ARICs' role depending on council needs
- More information about ARICs' new assurance role in relation to integrated planning and reporting, service delivery and performance measurement
- Clearer links between the ARIC and the governing body to ensure the governing body receives maximum value from ARIC's expertise:
  - workplans developed by ARIC and noted by the governing body
  - new annual and four-yearly assurance meetings between the ARIC and governing body to discuss ARIC opinions, workplans, charter, terms of reference etc
  - councils can appoint a non-voting councillor member to their ARIC (optional)
- Reduced ARIC costs:
  - ARIC member fees at council's discretion
  - reduced external review requirements
- Revised term limits to make it easier to appoint ARIC members:
  - ARIC member terms coincide with council terms
  - longer maximum terms
  - possible exemption from term limits where a tier 1 council can't find new ARIC members
- New information about ARICs' role and key relationships with other stakeholders
- ARIC members can have more local government experience:
  - some independence requirements reduced
  - new ability to allow local community perspective/knowledge as a criteria for appointment to an ARIC
- Stronger ARIC member appointment and induction processes
- Enhanced leadership role for the chair over the ARIC and ARIC meetings
- More flexibility for councils regarding confidentiality of ARIC agendas and minutes
- ARIC given unrestricted access to general manager and senior staff only – access to other staff requires general manager's approval

- New 'further resources' section that provides examples/templates/information regarding implementation of ARICs

## Risk management

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- More 'principles-based' approach to remove prescription and assist councils to focus on desired outcomes
- Clarification on how risk management requirements apply to joint organisations and county councils, and the role of internal audit and ARICs in risk management
- New ability for shared arrangements for county councils and joint organisations to reduce costs
- More flexibility in implementation and workforce resourcing:
  - risk management refocused as a 'function' rather than a dedicated position so it can be shared with other council roles and fit into council's existing organisational structure
  - general manager can delegate risk management to any staff member
  - removed need for responsibilities to be included in senior staff contracts
- More accountability by the council to the governing body and ARIC for risk management:
  - ARIC reviews risk management framework each council term – highest risks reviewed as required
  - effectiveness of risk management framework formally discussed with the governing body and ARIC annually and each council term
- New 'further resources' section that provides examples/templates/information regarding risk management implementation

## Internal audit

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- More 'principles-based' approach to remove prescription and assist councils to focus on desired outcomes
- Clarification of dual reporting line to the ARIC and general manager
- More flexibility to implement the internal audit function within council's existing organisational structure and attract internal audit staff:
  - new tiered model for in-house and outsourced internal audit functions to reflect practical requirements of councils and the varied roles required of the head of internal audit function in different councils
  - specific role title for the head of the internal audit function removed
  - internal audit function can report to a staff member other than the general manager
  - detailed eligibility criteria for internal audit staff replaced with requirement that they be able to fulfil their role
  - ability to combine head of internal audit function role with any other role in council provided safeguards are met
- Shared arrangements simplified:
  - oversight by councillor committee and administrative committee removed
  - prescription of practical arrangements removed
- New ability for ARIC Chair to refuse a person's future access to internal audit information where they make unauthorised disclosures of internal audit information

- Performance review process streamlined to reduce costs:
  - removed annual review report by head of internal audit function to ARIC
  - ARIC conducts annual and four-yearly strategic assessment of internal audit function
- New 'further resources' section provides templates, examples, checklists, tools etc that can be used when performing audits and assessing the performance of the internal audit function

### **Attestation**

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- Annual attestation to key non-negotiable requirements of the Guidelines
- General manager to consult with ARIC on annual attestation before it is published (co-signing removed)
- Increased accountability and transparency:
  - Department of Planning, Industry and Environment's response to attestation exemption to be published in annual report
  - ARIC member details to be published in attestation certificate
  - Attestation certificate template clarifies what councils are attesting to

### **Implementation timeline**

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- All councils must appoint an ARIC from 4 June 2022
- All councils have until 2024 to establish their risk management framework and internal audit function – attestation commences 2024
- Councils have until 2027 to ensure ARIC membership complies with the Guidelines, allowing councils to transition into the new membership requirements as and when membership of existing ARICs expire – attestation commences 2027



Council Ref: SC111  
Your Ref:

24 December 2019

Office of Local Government  
Locked Bag 3015  
NOWRA NSW 2541

Attention: Council Governance Team

Dear Sir

**RE: Discussion Paper - A new risk management and internal audit framework for local councils in NSW – September 2019**

Thank you for the opportunity to provide feedback on this important framework. The Council recognises that risks exist to an organisation when current standards or qualities of risk control are either not known or are known and are not effectively implemented. For this reason, we acknowledge that a well-structured enterprise risk management framework supported by an internal audit framework ensures a strong, robust Council and improves governance and management accountability. The Council supports your initiative and generally agrees with intention and the themes proposed and it will provide direction for those Councils.

Our framework has evolved over many years through a process of consultation with our management teams, external audit of our framework, learning from best practice approaches world-wide and our own practical implementation experience. These elements have brought about refinements to our framework to better respond to the unique and diverse business of local government and the culture of our Council.

There are some key issues we would like to specifically highlight in our covering letter along with our response to specific elements within the core requirements proposed, in the attached table, titled, Council's Feedback to OLG Discussion Paper September 2019 – A new risk management and internal audit framework for local councils in NSW. In formulating our response to the discussion paper, we had regard to our own unique journey that commenced in 1992 with our first launch of an enterprise risk management framework, implementation of our internal audit framework including a control self-assessment program.

Our comments in the attached schedules did not include comments where there is a reference to the role of the governing body. We make those comments here. There are a number of areas where there is a requirement for the Council and/or the Audit, Risk and Improvement Committee to report to, consult with the governing body and in some areas seek their approval. Whilst we support the notion of keeping the governing body informed through a mechanism of providing external assurance, there is some inconsistencies between the roles of the General Manager and the governing body as described in Section 355 and Section 428 of the Local Government Act that need further clarification. It is our strong view that the

Audit, Risk and Improvement Committee should satisfy itself that Council has an effective enterprise risk management framework and internal audit framework in place and report that assurance to the governing body. This is recognised in our existing business assurance model that has 5 lines of defence instead of 3 lines as proposed. The 4th line of defence against risk is the establishment an independent Audit & Assurance Committee. Whereas, our third line of defence is the Audit Services, or other assurance function(s).

These include:

- Internal Audit
- Statutory Audit
- External Review
- Control Self-Assessment

The 3rd 'Line of Defence' "tests" internal controls of management practices (1st line) and strategies (2nd line) for their adequacy and effectiveness. The 4<sup>th</sup> line recognises the need for an independent body (ie. Audit, Risk & Improvement Committee) to enhance corporate governance within the organisation. In particular, our objective in doing it this way is to ensure that both the internal audit function and the operation of an effective independent Audit & Assurance Committee operate as key element of our overall Business Assurance Framework.

The Audit, Risk & Improvement Committee provides the governing body with independent oversight and monitoring of the Council's risk management and audit processes, including the Council's internal controls. This oversight includes internal and external reporting, risk management activities, internal and external audit, and compliance. It plays a pivotal role in the governance framework to provide Council with independent oversight and monitoring of the Council's audit services. This allows for the governing body to act in an assurance capacity, being the fifth line of defence. This is achieved at Woollahra Council by our Finance, Community and Services Committee, who receives the minutes of the Audit, Risk & Improvement Committee and annual report from Chair of Audit, Risk & Improvement Committee. The role of the Finance, Community and Services Committee is to review feedback from the Audit, Risk & Improvement Committee to further promote our culture of good risk management awareness and control at all levels of the organisation.

The lack of clarity in the discussion paper allows for the governing body to be directly involved in operational matters rather than being specifically tasked with being strategically satisfied that the council is meeting its risk management obligations.

As a general comment we would recommend a greater emphasis on the role and responsibility of management in the development of a risk management culture by direct involvement in the development of systems and internal controls. This involvement should be capable of being monitored as a component of the framework.

We would also recommend a separation in audit reporting and monitoring of recommendations of identified lack of controls or breaches from "opportunities for improvement." Breaches or lack of controls may require a more immediate response or action whereas an opportunities for improvement may be a more discretionary operational decision.



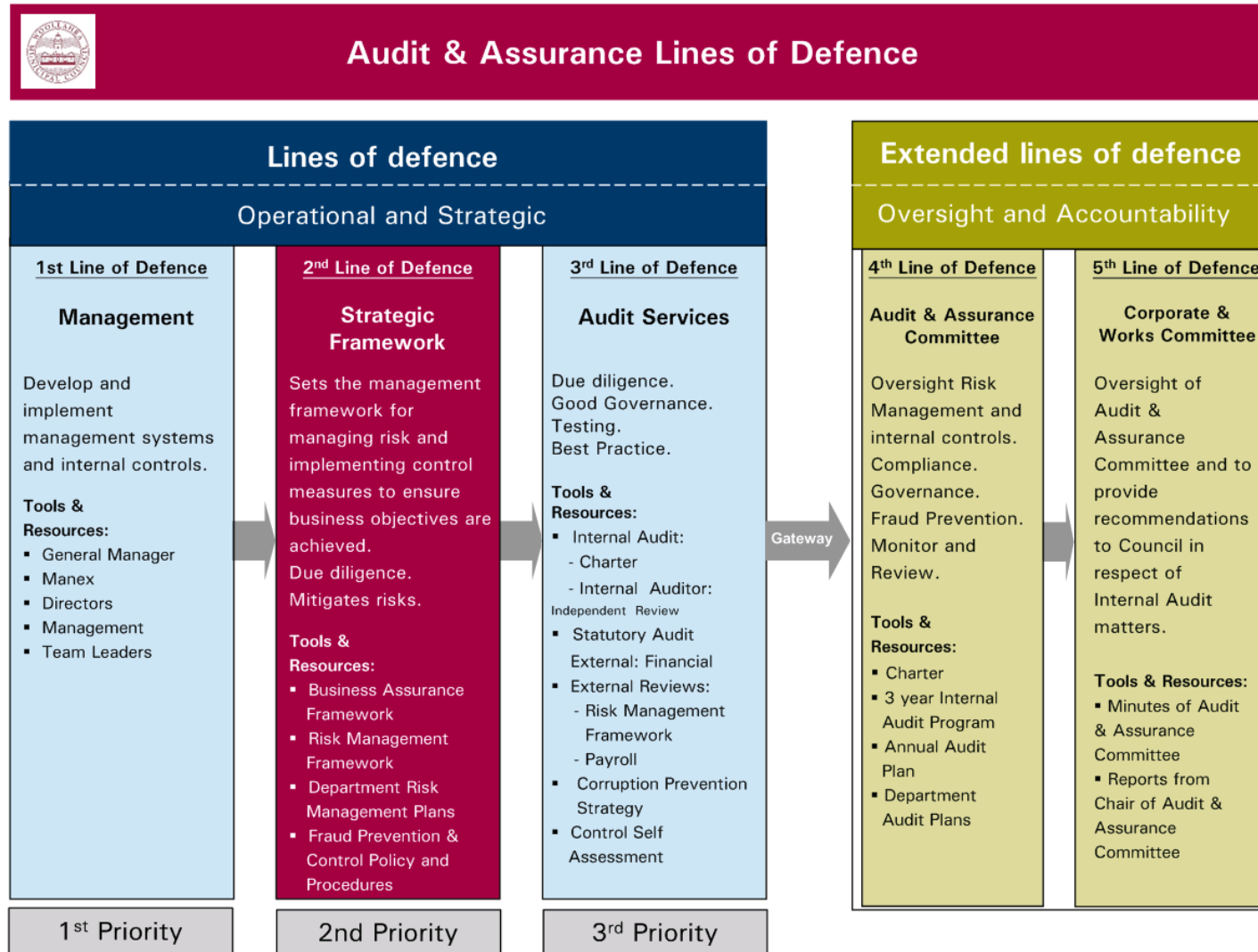
We would welcome the opportunity to assist the OLG in the development of its future guidelines. We extend an invitation to you to visit Woollahra Council where we could make a more detailed presentation of the workings of our “business” assurance framework. We have attached four of our diagrams to assist you in the considerations of the comments made above.

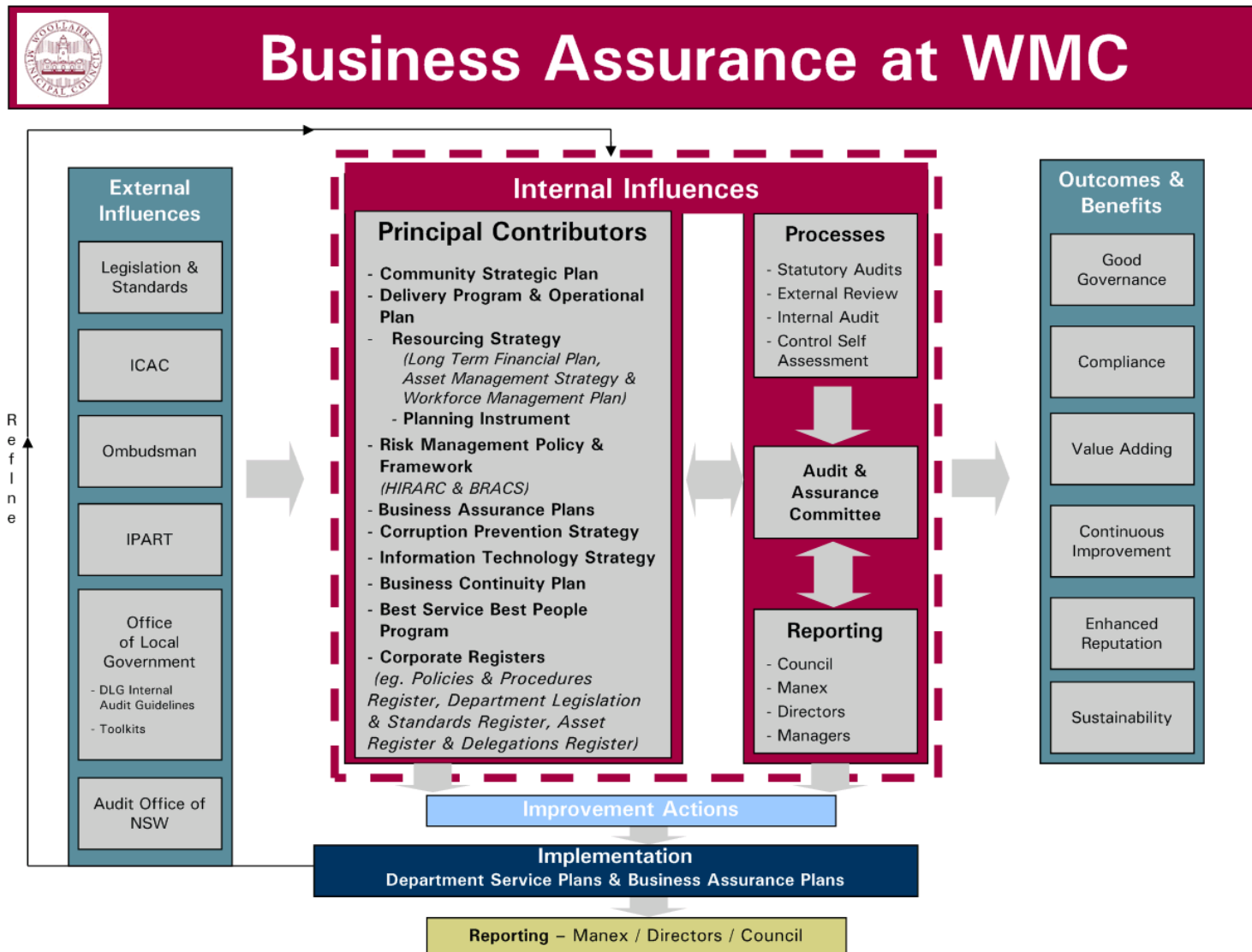
Yours sincerely



Gary James  
General Manager

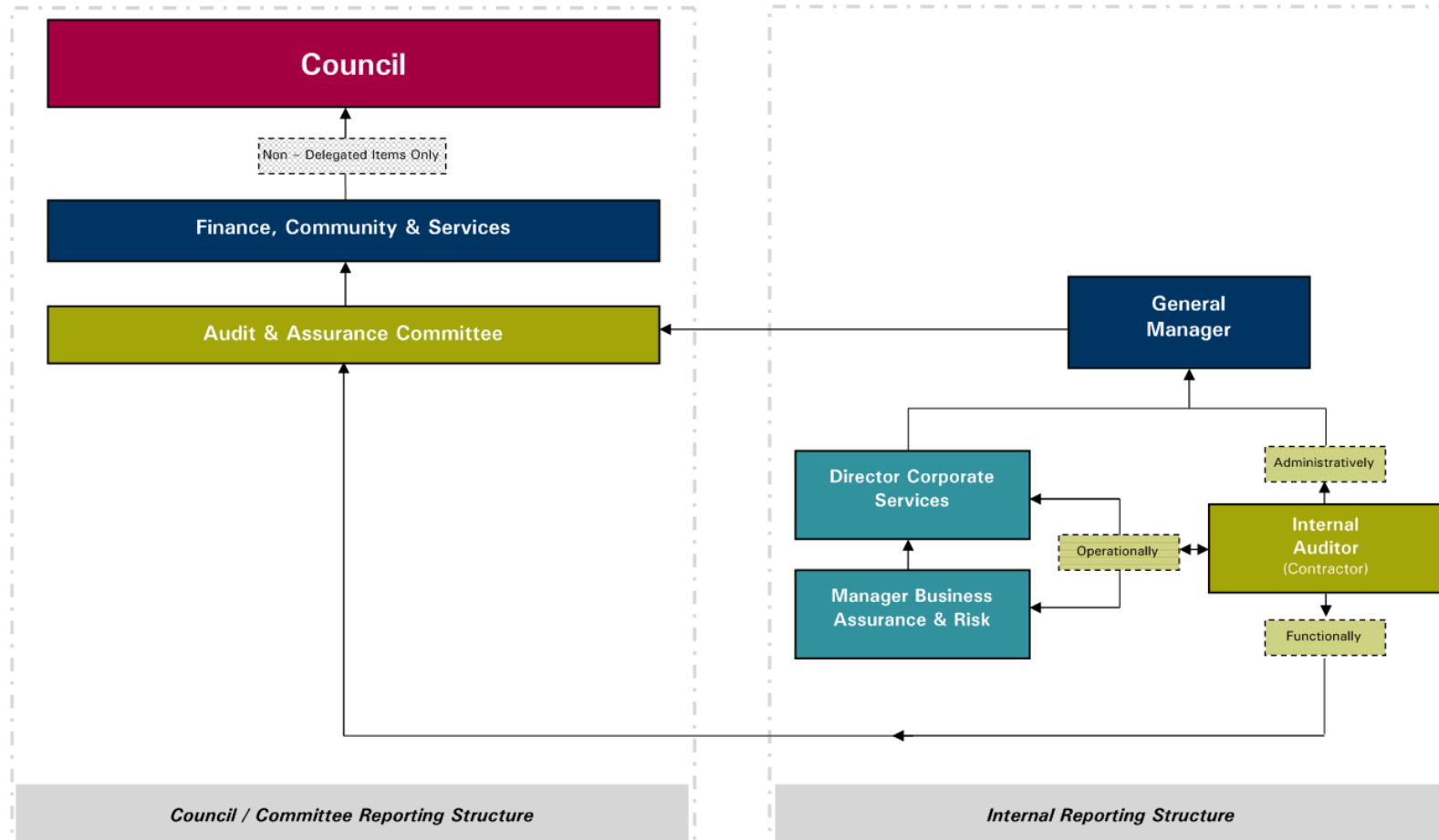
**Annexures:** Audit & Assurance Lines of Defence  
Business Assurance at WMC  
Managing Audit Services  
Managing Risk at WMC







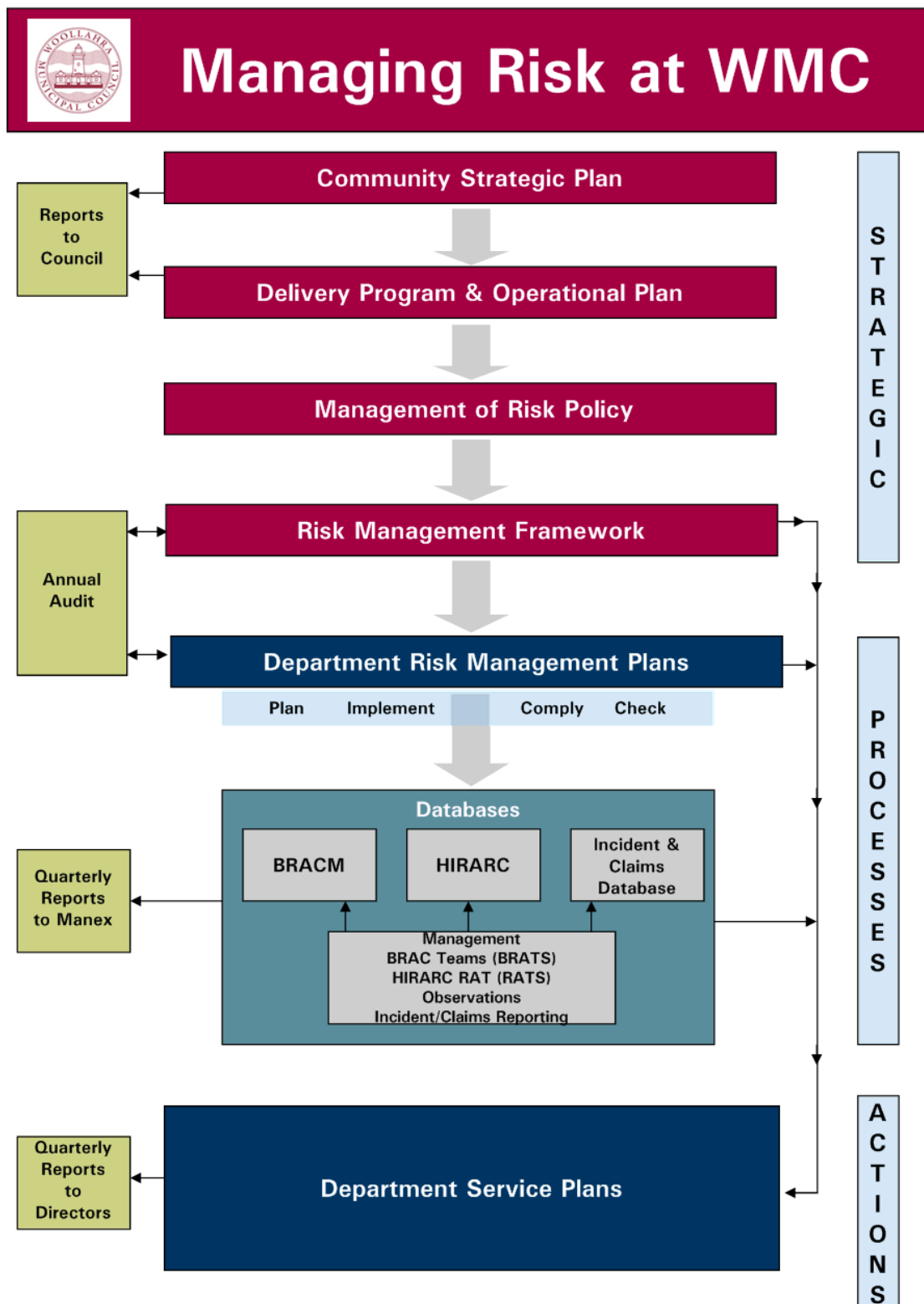
# Audit & Assurance Reporting Relationship Chart



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1 of 1

Prepared by Business Assurance & Risk Department  
 Printed Date 18-Oct-21



Version 1 Revision 2 Prepared by Risk Management Department Page 1 of 1  
 Adopted by Manex 4 July 2016



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<b>Item No:</b>	R4 Recommendation to Council
<b>Subject:</b>	<b>RELEASE OF UPDATED INTEGRATED PLANNING AND REPORTING GUIDELINES BY THE OFFICE OF LOCAL GOVERNMENT</b>
<b>Authors:</b>	Cheryle Burns, Manager - Business Assurance & Improvement Petrina Duffy, Coordinator Strategy & Performance
<b>Approvers:</b>	Sue Meekin, Director Corporate Performance Craig Swift-McNair, General Manager
<b>File No:</b>	21/212474
<b>Reason for Report:</b>	To advise the Committee of the release of updated Integrated Planning & Reporting Guidelines by the Office of Local Government.

**Recommendation:**

- A. THAT Council note the release of the updated Integrated Planning and Reporting Guidelines by the Office of Local Government.
- B. THAT Council note that Council staff are currently undertaking a review of the updated Integrated Planning & Reporting Guidelines, to identify changes to these key processes and that these changes will be presented and discussed with the newly elected Council in early 2022.

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**Background:**

The Integrated Planning and Reporting (IP&R) Framework for NSW Councils Framework came into practice in 2009. The IP&R framework requires all Councils to develop and maintain a suite of planning documents including:

- A Community Strategic Plan (10 year outlook)
- A Resourcing Strategy comprising:
  - A Long Term Financial Plan (10 year outlook)
  - An Assets Management Plan (10 year outlook)
  - A Workforce Planning Strategy (4 year outlook)
- A Delivery Program (4 year outlook)
- An Operational Plan (1 year outlook)

The frameworks also incorporates a reporting structure to communicate progress to council and the community as well as a structured timeline for review to ensure the goals and actions are still relevant.

**Updated Integrated Planning and Reporting Guidelines and Handbook:**

In September 2021 the Office of Local Government (OLG) released updated Integrated Planning and Reporting Guidelines (the Guidelines). A copy of the Guidelines is attached at **Annexure 1**. The Guidelines explain what Councils must do to ensure they comply with their planning and reporting requirements set out in the Act. The Guidelines are issued under section 406 of the Act and the Regulation.

A more detailed Integrated Planning and Reporting Handbook (the Handbook) was also released with the Guidelines. The handbook is a practical guide for anyone involved in preparing and/or implementing the IP&R suite of plans, including community engagement, asset management, performance measurement and reporting, and strategic, operational, financial and workforce planning.

### **Council's New Suite of IP&R Documents:**

Under the Guidelines each newly elected Council must complete a review of its Community Strategic Plan, its Resourcing Strategy and to develop a new Delivery Program and Operational Plan by 30 June in the year following the local government elections, meaning in this instance, by 30 June 2022 following the Local Government elections being held on 4 December 2021.

### **Identification of Key Changes and Gaps:**

Council staff are currently reviewing the Guidelines to identify key changes and gaps with Council's current documents and processes. This will help guide the development of the process and timeline for the development of the revised suite of IP&R documents by the incoming Council.

With the deferral of the Local Government elections to 4 December 2021, it has meant that the time period for the completion of the new suite of IP&R documents has been shortened by three months for all Councils in NSW. Given the time constraints and the shortened term of the incoming Council it is recommended that a refresh of the current documents will take place rather than a full re-write of the existing documents.

Following the Local Government elections, a detailed induction program is required to be developed for new Council. A summary of the key changes and gaps against Council's current IP&R documents and processes will be presented to Councillors as part of the induction process together with a recommended approach and timeline for the review to be completed by 30 June 2022.

### **Conclusion**

In September 2021 the OLG released updated Integrated Planning and Reporting Guidelines. A copy of the Guidelines is attached at **Annexure 1**. The Guidelines explain what Councils must do to ensure they comply with their planning and reporting requirements set out in the NSW Local Government Act 1993. The Guidelines are issued under section 406 of the Act and the Regulation.

Details of the key changes arising from the Guidelines together with a recommended process and timeline for the review of Council's suite of IP&R documents by the new Council before 30 June 2022 will be presented to the new Council as part of its induction program.

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### **Annexures**

1. Integrated Planning and Reporting - IPR Guidelines for Local Councils in NSW - Issued by OLG 7 September 2021 [↓](#) 





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## HOW TO USE THESE GUIDELINES

The Integrated Planning and Reporting (IP&R) Guidelines were first issued by the Office of Local Government (OLG) in 2010. The Guidelines have been updated to reflect legislative changes enacted through the *Local Government Amendment (Governance and Planning) Act 2016*.

All councils in NSW use the IP&R framework to guide their planning and reporting activities. County councils also plan and report under a modified IP&R framework. Joint organisations must consider member councils' strategic priorities developed through IP&R when preparing and reporting on their strategic regional priorities. The requirements for IP&R are set out in the *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2021* (the Regulation).

These Guidelines explain what councils, county councils and joint organisations must do to ensure they comply with their planning and reporting requirements set out in the Act. The Guidelines are issued under section 406 of the Act and the Regulation.

### GUIDELINES LEGISLATIVE REQUIREMENTS

The Guidelines include:

- requirements under the Act
- requirements under the Regulation
- Essential Elements which are also mandatory requirements.

The Essential Elements are deliberately broad in nature to allow councils flexibility in preparing their plans and reports.

### SUPPORT MATERIALS EXPLANATORY NOTES

OLG provides guidance and support materials, including the IP&R Handbook, for councils to help them prepare their IP&R documents.

Councils should contact their OLG Council Engagement Manager to discuss support needs.

### PUBLICATION REQUIREMENTS

When preparing their IP&R documents, councils should be aware of the requirements of the *Local Government Act 1993*, *Local Government (General) Regulation 2021*, the *Government Information (Public Access) (GIPA) Act 2009* and the *GIPA Regulation 2009*, which require councils to publish certain documents, free of charge, on their websites.

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## INTEGRATED PLANNING AND REPORTING

The Integrated Planning and Reporting (IP&R) framework recognises that most communities share similar aspirations: a safe, healthy and vibrant place to live, a sustainable environment, a caring and engaged community, opportunities for employment, reliable infrastructure, etc. The difference lies in how each community responds to these needs. That is what shapes the character of individual cities, towns and villages. IP&R also recognises that council plans and policies should not exist in isolation and are connected on many levels.

The IP&R framework allows NSW councils to draw their various plans together, to understand how they interact and inform each another, and to get the maximum benefit from their efforts by planning holistically for the future.

The main components of the framework are outlined in these Guidelines, and are summarised below:

### **Community Strategic Plan**

The highest level of strategic planning undertaken by a council, with a ten-year plus timeframe. All other plans must support achievement of the Community Strategic Plan objectives.

### **Resourcing Strategy**

Shows how council will resource its strategic priorities, identified through IP&R. The Resourcing Strategy includes 3 inter-related elements:

- Long-Term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

### **Delivery Program**

The council's commitment to the community about what it will deliver during its term in office to achieve the Community Strategic Plan objectives.

### **Operational Plan**

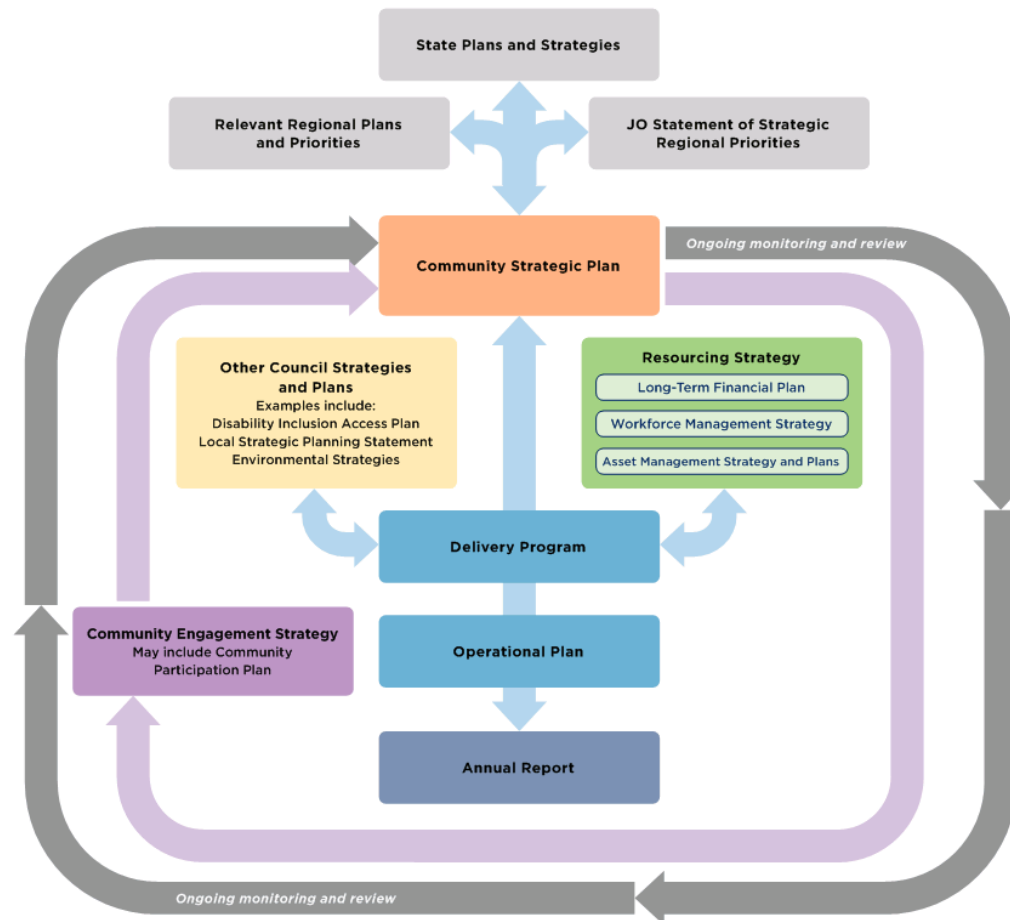
Shows the individual projects and activities a council will undertake in a specific year. It includes the council's annual budget and Statement of Revenue Policy.

### **Annual Report**

Reports back to the community on the work undertaken by a council in a given year to deliver on the commitments of the Delivery Program via that year's Operational Plan. Councils also report on their financial and asset performance against the annual budget and longer-term plans.

All councils in NSW are required to work within the IP&R framework (shown below).

**Figure 1:** The Integrated Planning and Reporting framework



### IP&R process diagram

The IP&R diagram has been updated to reflect the 2016 amendment to the Act.

The Resourcing Strategy has been moved closer to emphasise the important role that resource planning must play in delivering the council's strategic objectives.

While there is a direct link from the Community Strategic Plan to the Delivery Program and Operational Plan, this must be informed and supported by the financial, asset and workforce planning undertaken by council as part of the Resourcing Strategy. Any community endorsed changes to council's strategic direction and priorities should be reflected in resource planning and allocation.

Community engagement has been expanded to encompass the entire IP&R process. This reflects new requirements, extending the Community Engagement Strategy to all aspects of council engagement, not just the Community Strategic Plan. Additional requirements under the *Environmental Planning and Assessment Act 1979* to prepare a Community Participation Plan can be incorporated into a council's wider Community Engagement Strategy.

Monitoring and review continues to play an important role in the whole IP&R process, as reflected in the diagram. This encompasses the new Internal Audit requirements for councils outlined on p7.

## IP&R in context

Councils operate in a complex environment, with responsibilities under some 67 different Acts, and direct relationships with more than 20 state and commonwealth agencies.

Local government planning connects with the wider spheres of regional, state and federal planning and there is a natural flow between the planning systems, with each level ultimately informing the others. Positioning IP&R within this context can be challenging.

While the IP&R framework is prescribed by the *Local Government Act 1993*, other Acts and state agencies require additional strategic planning from councils, for example, in relation to land use planning (Local Strategic Planning Statements), water management (Integrated Water Cycle Management) and community inclusion (Disability Inclusion Action Plans).

Councils may also identify key strategic planning work that needs to be undertaken to support the Community Strategic Plan – for example economic development strategies, or cultural planning. These plans sit below the Community Strategic Plan in the IP&R hierarchy and should generally reflect its principles, values and objectives. The plans may, in turn, inform the Resourcing Strategy, Delivery Program and Operational Plan, as appropriate. Beyond the Community Strategic Plan, there are state and regional planning frameworks that may inform, and be informed by, the work undertaken by councils through IP&R.

## IP&R for joint organisations and county councils

The NSW Government formed joint organisations in regional and rural NSW in 2018, to provide a forum for councils and the State government to work together on regional priorities and projects.

While joint organisations do not directly undertake IP&R, they have a streamlined planning and reporting framework under the *Local Government (General) Regulation 2021*. This includes compliance with the relevant section of the IP&R Guidelines. Requirements for joint organisations are outlined in Chapter 9.

County councils are also required to undertake IP&R. However, there are modified requirements in relation to the Community Strategic Plan. These are explained in Chapter 8 of the Guidelines. All other IP&R requirements – the Community Engagement Strategy, Resourcing Strategy, Delivery Program, Operational Plan and Annual Report – apply to county councils, at the appropriate scale.

Where county councils are required to undertake other mandatory strategic and business planning – for example Integrated Water Cycle Management Planning or weeds management strategies – this must be wholly integrated with their IP&R framework.

## Legislative changes to strengthen IP&R

Key changes to the Act, which have commenced, reinforce the pivotal role of the IP&R framework in guiding all council planning and decision-making.

Some of the key changes to the Act include:

### All plans link to IP&R

The Act now makes it clearer that IP&R is designed to cover all of a council's activities and all plans and strategies must be connected in some way to the framework. In particular:

- The council's Community Engagement Strategy must relate to the development of **ALL** plans, policies, programs and activities (section 402A), not just the Community Strategic Plan.
- Resourcing Strategies and Delivery Programs must ensure they provide for resources and activities to perform **ALL** of a council's functions (section 403-404).

### New local government principles

New guiding principles (sections 8A-8C) apply to councils in relation to:

- integrated planning and reporting
- the exercise of council functions generally
- decision-making
- community participation
- sound financial management.

### Clearer roles and responsibilities

Roles and responsibilities in relation to the IP&R framework are more clearly set out for the governing body, mayor and general manager (see sections 223(1)(b)-(g), 226(g)-(k), 232(1)(c) and 335(a) (c)-(e), (j)).

### Financial control

In the rare circumstance that a financial controller is appointed to oversee the financial governance and operations of a council, they may refuse to authorise payments if they relate to activities not identified in the council's IP&R documents (section 438HB-438HC).

### Oversight by Audit, Risk and Improvement Committee (to commence in future).

Implementation of the Community Strategic Plan, Delivery Program and other council strategies will be required to be kept under review by the Audit, Risk and Improvement Committee (see section 428A).

### Establishment of joint organisations

Section 400R (2) of the Act requires joint organisations to "*consider any relevant strategic priorities or plans of member councils and the state government*" when establishing their Statement of Strategic Regional Priorities. This will generally include priorities identified in member councils' Community Strategic Plans. Note: Part 11A, Division 12 (clauses 397H, 397J and 397N) of the Regulation provide the exemptions and streamlined modifications to the strategic planning and reporting requirements for joint organisations. See Chapter 8 for more details.

### State of Environment Report

A requirement to prepare a stand-alone state of environment report in the year in which an ordinary election of councillors is to be held is no longer a requirement. However, a report on the implementation and effectiveness of council's Community Strategic Plan in achieving its social, environmental, economic and civic leadership objectives must include the state of its environment.

## IP&R principles

As previously noted, Chapter 3 of the Act was amended in 2016, to replace the old Local Government Charter (section 8) with a new set of guiding principles for local government.

The principles address the way that councils provide leadership, plan for the future and make decisions about services and resources. The amendments make it clear that IP&R should be at the centre of all council plans, activities, resourcing decisions and improvement strategies.

Elected representatives and council staff should work together to ensure that council operations are designed around IP&R and that the IP&R framework is used effectively to deliver each council's strategic goals.

IP&R provides a pathway for **elected representatives** to:

- work directly with their community to identify long-term priorities for local identity, growth and lifestyle
- understand the range of services the community wants, the service standards they expect and the infrastructure that will be required
- have meaningful conversations about the cost of meeting community expectations. Allocate resources within council's means and map out a 4-year strategy to deliver key priorities, projects and services
- set appropriate rates, fees and charges and monitor the council's progress in delivering priorities, projects and services through the Operational Plan
- report to the community on their success in achieving these goals
- be assured that their council is meeting planning, consulting and reporting requirements under other laws.

Similarly, IP&R helps **council staff** to:

- understand community priorities and needs
- work with elected representatives on shared goals and priorities
- identify supporting plans and strategies
- undertake resource planning and meeting legislative requirements
- identify achievements for each 4-year term and the projects/programs that will be delivered
- develop reporting regimes to council, including how risk will be effectively managed
- understand the role each employee will play in delivering the community's priorities
- celebrate success when goals are achieved.
- understand how they will be held accountable through reporting and performance management.



## PRINCIPLES FOR LOCAL GOVERNMENT

### **Local Government Act 1993 - Chapter 3**

#### **Exercise of functions generally** (section 8A(1))

The following general principles apply to the exercise of functions by councils:

- (a) Councils should provide strong and effective representation, leadership, planning and decision-making.
- (b) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.
- (c) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
- (d) Councils should apply the integrated planning and reporting framework in carrying out their functions so as to achieve desired outcomes and continuous improvements.
- (e) Councils should work co-operatively with other councils and the state government to achieve desired outcomes for the local community.
- (f) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.
- (g) Councils should work with others to secure appropriate services for local community needs.
- (h) Councils should act fairly, ethically and without bias in the interests of the local community.
- (i) Councils should be responsible employers and provide a consultative and supportive working environment for staff.

#### **Decision-making** (section 8A(2))

The following principles apply to decision-making by councils (subject to any other applicable law):

- (a) Councils should recognise diverse local community needs and interests.
- (b) Councils should consider social justice principles.
- (c) Councils should consider the long term and cumulative effects of actions on future generations.
- (d) Councils should consider the principles of ecologically sustainable development.
- (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

#### **Community participation** (section 8A(3))

Councils should actively engage with their local communities, through the use of the integrated planning and reporting framework and other measures.

## PRINCIPLES FOR LOCAL GOVERNMENT

### **Local Government Act 1993 - Chapter 3**

#### **Sound financial management** (section 8B)

The following principles of sound financial management apply to councils:

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:
  - (i) performance management and reporting,
  - (ii) asset maintenance and enhancement,
  - (iii) funding decisions,
  - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
  - (i) policy decisions are made after considering their financial effects on future generations,
  - (ii) the current generation funds the cost of its services.

#### **Integrated planning and reporting** (section 8C)

The following principles for strategic planning apply to the development of the integrated planning and reporting framework by councils:

- (a) Councils should identify and prioritise key local community needs and aspirations and consider regional priorities.
- (b) Councils should identify strategic goals to meet those needs and aspirations.
- (c) Councils should develop activities, and prioritise actions, to work towards the strategic goals.
- (d) Councils should ensure that the strategic goals and activities to work towards them may be achieved within council resources.
- (e) Councils should regularly review and evaluate progress towards achieving strategic goals.
- (f) Councils should maintain an integrated approach to planning, delivering, monitoring and reporting on strategic goals.
- (g) Councils should collaborate with others to maximise achievement of strategic goals.
- (h) Councils should manage risks to the local community or area or to the council effectively and proactively.
- (i) Councils should make appropriate evidence-based adaptations to meet changing needs and circumstances.

## IP&R roles and responsibilities

Chapter 9 of the Act has been updated to clearly define the roles and responsibilities of the governing body, mayors, councillors and general managers in respect of IP&R. These are summarised below:

**The governing body** is to (sections 223(1) (b)-(g)):

- provide effective civic leadership to the local community
- ensure as far as possible the financial sustainability of the council
- ensure as far as possible that the council acts in accordance with the principles set out in Chapter 3 of the Act and the plans, programs, strategies and policies of the council
- develop and endorse the Community Strategic Plan, Delivery Program and other strategic plans, programs, strategies and policies of the council
- determine and adopt a rating and revenue policy and Operational Plans that support the optimal allocation of the council's resources to implement the strategic plans (including the Community Strategic Plan) of the council and for the benefit of the local area
- keep under review the performance of the council, including service delivery.

**The mayor** is to (section 226(g)-(k)):

- ensure the timely development and adoption of the strategic plans, programs and policies of the council
- promote the effective and consistent implementation of the strategic plans, programs and policies of the council
- promote partnerships between the council and key stakeholders
- advise, consult with and provide strategic direction to the general manager in relation to the implementation of the strategic plans and policies of the council
- in conjunction with the general manager, ensure adequate opportunities and mechanisms for engagement between the council and the local community.

**Councillors** (section 232 (1)(c)) are to:

- participate in the development of the documents of the IP&R framework.

**The general manager** is to (sections 335 (a), (c)-(e), (j)):

- conduct the day-to-day management of the council in accordance with the strategic plans, programs, strategies and policies of the council
- advise the mayor and the governing body on the development and implementation of the strategic plans, programs, strategies and policies of the council
- advise the mayor and the governing body on the appropriate form of community consultation on the strategic plans, programs, strategies and policies of the council and other matters related to the council
- prepare, in consultation with the mayor and the governing body, the council's Community Strategic Plan, Community Engagement Strategy, Resourcing Strategy, Delivery Program, Operational Plan and Annual Report
- implement the council's Workforce Management Strategy.

## COMMUNITY STRATEGIC PLAN

The Community Strategic Plan is the highest-level plan that a council will prepare. The purpose of the Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve the community's aims and aspirations.

While a council has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the local government area, it is not wholly responsible for its implementation. Other partners, such as state agencies, non-government organisations, business and industry, joint organisations and community groups may also be engaged in delivering the strategies of the Plan.

### Local Government Act

Following is a summary of the requirements of section 402 of the Act relating to the Community Strategic Plan:

- Each local government area is to have a Community Strategic Plan that has been developed and endorsed by the council on behalf of its community.
- The Community Strategic Plan is to identify the main priorities and aspirations for the future of the local government area.
- The Community Strategic Plan must cover a minimum timeframe of 10 years.
- The Community Strategic Plan must establish strategic objectives together with strategies to achieve those objectives.
- The council must review the Community Strategic Plan before 30 June in the year following an ordinary election of council. The council may endorse the existing plan, or develop and endorse a new Community Strategic Plan, as appropriate, to ensure that the area has a Community Strategic Plan covering at least the next 10 years.

### Local Government (General) Regulation

There are no Community Strategic Plan requirements in the Regulation for general purpose councils.

**Requirements for County Councils:** Part 9, Division 8 (clauses 218 and 219) of the Regulation provides the exemptions and modifications to the strategic planning provisions for county councils.

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## Essential Elements

### General requirements of the Community Strategic Plan

- 1.1 The Community Strategic Plan should be developed and delivered as a partnership between the council, state agencies, business and industry groups, community groups and individuals. It should address a broad range of issues that are relevant to the whole community.
- 1.2 Councils must also ensure that the Community Strategic Plan:
  - addresses civic leadership, social, environmental and economic issues in an integrated manner
  - is based on social justice principles of equity, access, participation and rights
  - is adequately informed by relevant information relating to civic leadership, social, environmental and economic issues
  - is developed having due regard to NSW Government's State Priorities and other relevant state and regional plans.

### Information that must be considered when preparing the Community Strategic Plan

- 1.3 Information that identifies key issues and challenges for the local government area, or surrounding region. This should be presented in an accessible format so members of the community can participate in the planning process.
- 1.4 In addition to the legislative requirement to consider state government priorities, councils should consider any relevant state plans as well as relevant regional plans, strategies and priorities that are available at the time of preparing the Community Strategic Plan. In regional and rural NSW, these may include the Statements of Strategic Regional Priority of a joint organisation.
- 1.5 Council must also give due consideration to the levels of service that the community has indicated it expects. This will help to shape the priorities of the Community Strategic Plan and inform other plans within the framework.

### Process for endorsing the Community Strategic Plan

- 1.6 The council must place the draft Community Strategic Plan on public exhibition for a period of at least 28 days and comments from the community must be accepted and considered prior to the endorsement of the final Community Strategic Plan.
- 1.7 The exhibition of the Community Strategic Plan must be undertaken in accordance with the council's Community Engagement Strategy, as prescribed by section 402A of the Act (see Essential Elements 2.1 and 2.2).

**Note:** *The Essential Elements contained in this section also apply with respect to a county council's Business Activity Strategic Plan.*

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### **The basic structure of the Community Strategic Plan**

- 1.8 The Community Strategic Plan must include:
- a community vision statement
  - strategic objectives for the community that address social, environmental, economic and civic leadership issues identified by the community (commonly referred to as “the quadruple bottom line” (QBL))
  - strategies for achieving each objective
  - an explanation of who is responsible for delivering each strategy. Where council has an oversight role for a strategy but is not the key delivery agent, the Community Strategic Plan should explain the role council will play in facilitating delivery of the strategy and how it will monitor delivery.
- 1.9 The Community Strategic Plan must identify assessment methods for determining whether the objectives are being achieved.

### **Reviewing the Community Strategic Plan**

- 1.10 Following an ordinary election of councillors, the council must review the Community Strategic Plan before 30 June the following year. The council may endorse the existing plan, endorse amendments to the existing plan, or develop and endorse a new Community Strategic Plan as appropriate to ensure that the area has a Community Strategic Plan covering at least the next 10 years.
- 1.11 A report on the progress of implementation and the effectiveness of the Community Strategic Plan (the State of our City (formerly referred to as End of Term Report)) must be presented to and endorsed at the second meeting of a newly elected council.

### **What the review must include**

- 1.12 The review must include the following:
- a report on the progress of implementation and the effectiveness of the Community Strategic Plan as presented and endorsed at the second meeting of a newly elected council (see Essential Element 1.11)
  - a review of the information that informed the previously endorsed Community Strategic Plan
  - a review of the council’s Community Engagement Strategy (see Essential Element 2.3).

### **Publishing the Community Strategic Plan**

- 1.13 Within 28 days after a Community Strategic Plan is endorsed, the council must post a copy of the plan on the council’s website.
- 1.14 Councils must provide the Chief Executive of the Office of Local Government with a copy of the Community Strategic Plan and any amendment to the plan, within 28 days of the plan (or amendment) being endorsed. This can be done by providing the Office of Local Government with a link to the URL of the site where the plan is published.

## COMMUNITY ENGAGEMENT STRATEGY

Community engagement is at the heart of local government. It helps communities to be active participants in shaping their own future and play a part in positive change. Councils have a vital role to play in opening opportunities for community members to be involved in the strategic planning process.

Councils are now required to prepare a Community Engagement Strategy to support the development of all their plans, policies, programs and key activities. This includes those relating to IP&R, as well as strategic plans and programs required under other legislation.

Engagement activities should be incorporated into one over-arching strategy, to be endorsed by council.

### Local Government Act

Following is a summary of the requirements of section 402A of the Act:

- A council must establish and implement a strategy for engagement with the local community (called its Community Engagement Strategy) when developing its plans, policies and programs, and for the purpose of determining its activities (other than routine administrative matters).

### Local Government Regulation

There are no requirements relating to community engagement in the Regulation.

### Essential Elements

- 2.1 A Community Engagement Strategy must be prepared, adopted and implemented, based on social justice principles, for engagement with the local community to support council in developing its plans and determining key activities. This includes development of the Community Strategic Plan, and all relevant council plans, policies and programs.
- 2.2 As a minimum, the Community Engagement Strategy must identify relevant stakeholder groups within the community and outline methods that will be used to engage each group.
- 2.3 The Strategy must be reviewed by 31 December in the year of the local government elections, as part of the broader review of the Community Strategic Plan (or Business Activity Strategic Plan for county councils) (see Essential Element 1.12).
- 2.4 In the case of a county council, an Engagement Strategy is to be prepared, adopted and implemented for engagement with constituent councils and other relevant stakeholders.
- 2.5 Where a council has community engagement requirements under other legislation or regulations, these should, wherever practical, be integrated into the Community Engagement Strategy.

**Note:** A council is not required to establish and implement a Community Engagement Strategy in accordance with section 402A, as inserted by the amending Act, until 12 months after the next ordinary election of councillors following that amendment.

## RESOURCING STRATEGY

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

The Resourcing Strategy consists of 3 components:

- Long-Term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

The Resourcing Strategy is the point where the council explains to its community how it intends to perform all of its functions, including implementing the strategies set out in the Community Strategic Plan.

Some strategies in the Community Strategic Plan will clearly be the responsibility of the council, some will be the responsibility of other levels of government and some will rely on input from business and industry groups, community groups or individuals.

The Resourcing Strategy focuses in detail on matters that are the responsibility of the council and considers, in general terms, matters that are the responsibility of others. The Resourcing Strategy articulates how the council will allocate resources to deliver the objectives under its responsibility.

### Local Government Act

Following is a summary of the requirements of section 403 of the Act:

- A council must have a long-term Resourcing Strategy for the provision of the resources required to perform its functions (including implementing the strategies set out in the Community Strategic Plan that it has responsibility for).

**Note:** *Councils are reminded of the requirement under section 345 of the Act to prepare and implement an Equal Employment Opportunity Management Plan, which should be reflected in each council's workforce management planning.*

### Local Government (General) Regulation

There are no requirements relating to the Resourcing Strategy in the Regulation.



## Essential Elements

### Resourcing Strategy

#### Requirements of the Resourcing Strategy

- 3.1 The Resourcing Strategy must include provisions for long-term financial planning, workforce management planning and asset management planning.
- 3.2 The council must post a copy of its adopted Resourcing Strategy on its website

### Long-Term Financial Planning

#### General requirements for long-term financial planning

- 3.3 Each council must prepare and adopt a Long-Term Financial Plan.
- 3.4 The Long-Term Financial Plan must be used to inform decision-making during the preparation and finalisation of the Community Strategic Plan and the development of the Delivery Program.
- 3.5 In developing the Long-Term Financial Plan, due regard must be given to promoting the financial sustainability of the council through:
  - the progressive elimination of operating deficits
  - the establishment of a clear revenue path for all rates linked to specific expenditure proposals
  - ensuring that any proposed increase in services and/or assets is within the financial means of the council including a proposed special rate variation
  - ensuring the adequate funding of infrastructure maintenance and renewal
  - the use of borrowing, where appropriate and financially responsible, and
  - the fair and equitable distribution of the rate burden across all rate payers.

#### The minimum timeframe for the Long-Term Financial Plan

- 3.6 The Long-Term Financial Plan must be for a minimum of 10 years.

#### How often the Long-Term Financial Plan must be reviewed

- 3.7 The key underlying assumptions on which the Long-Term Financial Plan is based, and the projected income and expenditure, balance sheet and cash flow statement contained in the Long-Term Financial Plan, must be reviewed and updated at least annually as part of the development of the Operational Plan.
- 3.8 The Long-Term Financial Plan must be reviewed in detail as part of the 4-yearly review of the Community Strategic Plan.

#### The basic structure of the Long-Term Financial Plan

- 3.9 The Long-Term Financial Plan must include:
  - projected income and expenditure, balance sheet and cash flow statement
  - the planning assumptions used to develop the Plan (the "Planning Assumptions Statement")
  - sensitivity analysis highlighting factors/assumptions most likely to affect the Plan
  - financial modelling for different scenarios e.g. planned/optimistic/conservative
  - methods of monitoring financial performance

#### Public exhibition requirements for the Long-Term Financial Plan

- 3.10 The Long-Term Financial Plan must be publicly exhibited for at least 28 days and submissions received by the council in that period must be accepted and considered before the final Long-Term Financial Plan is adopted by the council.

## Workforce Management Planning

### General requirements for workforce management planning

- 3.11 Each council must develop and endorse a Workforce Management Strategy to address the human resourcing requirements of a council's Delivery Program.
- 3.12 The relevant strategies contained in the Workforce Management Strategy must be reflected in the Delivery Program and Operational Plan and the costs associated with delivering the Workforce Management Strategy must be reflected in the Long-term Financial Plan.

### Timeframe for the Workforce Management Strategy

- 3.13 The timeframe for the Workforce Management Strategy must align with the Delivery Program.

## Asset Management Planning

### General requirements for asset management planning

- 3.14 Each council must account for and plan for all the existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.
- 3.15 Each council must prepare and adopt an Asset Management Policy, an Asset Management Strategy and Asset Management Plans for each class of assets to support the Community Strategic Plan and Delivery Program.

### Minimum timeframe for the Asset Management Strategy and Plans

- 3.16 The Asset Management Strategy and Plans must be for a minimum timeframe of 10 years.

## Basic structure of the Asset Management Strategy

- 3.17 The Asset Management Strategy must include the council-adopted Asset Management Policy.
- 3.18 The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.
- 3.19 The Asset Management Strategy must include specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.

## Basic structure of the Asset Management Plans

- 3.20 The Asset Management Plans must encompass all the assets under a council's control.
- 3.21 The Asset Management Plans must identify asset service standards.
- 3.22 The Asset Management Plans must contain long-term projections of asset maintenance, rehabilitation and replacement, including forecast costs (for reflection in the Long-Term Financial Plan).

## Asset Management reporting

- 3.23 Councils must report on their assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure.

## DELIVERY PROGRAM AND OPERATIONAL PLAN

This is the point where the community's strategic goals are systematically translated into actions. The Delivery Program identifies the principal activities to be undertaken by the council to perform all its functions - including implementing the strategies established by the Community Strategic Plan - using the resources identified in the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the Delivery Program, the council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

The Delivery Program is designed as the single point of reference for all principal activities undertaken by the council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program.

Supporting the Delivery Program are annual Operational Plans. These spell out the details of the Delivery Program - the individual projects and actions that will be undertaken in that year to achieve the commitments made in the Delivery Program.

### DELIVERY PROGRAM

#### Local Government Act

Following is a summary of the requirements of section 404 of the Act:

- A council must have a Delivery Program detailing the principal activities to be undertaken by the council to perform its functions (including implementing the strategies set out in the Community Strategic Plan) within the limits of the resources available under the Resourcing Strategy.
- The council must establish a new Delivery Program after each ordinary election of councillors to cover the principal activities of the council for the 4-year period commencing on 1 July following the election.

#### Local Government (General) Regulation

There are no requirements relating to the Delivery Program in the Regulation.

## Essential Elements

### General requirements of the Delivery Program

- 4.1 Each council must prepare and adopt its Delivery Program by 30 June in the year following a local government ordinary election.
- 4.2 The Delivery Program must demonstrate the council's commitment to the community to perform all of its functions (including implementing the strategies set out in the Community Strategic Plan) by outlining the activities for which it is responsible over the term of the council, including how those activities will be prioritised, and how the council will measure and evaluate their implementation.
- 4.3 To encourage continuous improvement across the council's operations, the Delivery Program must identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures.
- 4.4 The Delivery Program must address ongoing improvements to the efficiency, productivity, financial management and governance of the council.
- 4.5 When preparing its Delivery Program, the council must consider the priorities and expected levels of service, expressed by the community during the engagement process.

### Basic structure of the Delivery Program

- 4.6 The Delivery Program must:
  - directly address the objectives and strategies of the Community Strategic Plan and identifies the principal activities that the council will undertake to meet the objectives and implement the strategies (councils must ensure that the principal activities cover the full range of council functions and operations)
  - include a method of assessment to determine the effectiveness of each principal activity detailed in the Delivery Program in achieving the objectives.

- 4.7 The Delivery Program must allocate high-level responsibilities for each activity or set of activities. Where the council has an oversight role for a Community Strategic Plan strategy but is not the key delivery agent, the Delivery Program should include activities which reflect the role the council will play in relation to the strategy, and how it will monitor its delivery.
- 4.8 Financial estimates for council's budget position for the 4-year period must be included in the Delivery Program.

### Monitoring the Delivery Program

- 4.9 The general manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every 6 months.

### Public exhibition requirements for the Delivery Program

- 4.10 A draft Delivery Program must be placed on public exhibition for a period of at least 28 days and submissions received by the council must be considered by the council before the Delivery Program is adopted by the council.
- 4.11 The council must post a copy of its Delivery Program on the council's website within 28 days after the plan is adopted.

### How often the Delivery Program should be reviewed

- 4.12 The council must review its Delivery Program each year when preparing the Operational Plan.
- 4.13 Where an amendment to the Delivery Program is proposed, it must be included in a council business paper which outlines the reasons for the amendment. The matter must be tabled and resolved to be noted at that meeting, must be and considered by the council at its next meeting (i.e. time must be set aside for the amendment to be considered).
- 4.14 Where significant amendments are proposed, the Delivery Program must be re-exhibited as per Essential Element 4.10.

## OPERATIONAL PLAN

### Local Government Act

Following is a summary of the requirements of section 405 of the Act:

- The council must have an Operational Plan that is adopted before the beginning of each financial year, detailing the activities and actions to be undertaken by the council during that year to achieve the Delivery Program commitments.

### Local Government (General) Regulation

- Clause 203 of the Regulation requires that budget review statements and a revision of estimates must be reported to the council within 2 months after the end of each quarter (except the fourth quarter).

### Essential Elements

#### Basic structure of the Operational Plan

- 4.15 The Operational Plan must be prepared and adopted annually as a separate document that details the work that will be done in support of the Delivery Program. It must directly address the activities outlined in the Delivery Program and identify projects, programs or actions that the council will undertake within the financial year towards addressing these.
- 4.16 The Operational Plan must allocate responsibilities for each project, program or action.
- 4.17 With respect to service reviews identified in the Delivery Program (see Essential Element 4.3), the Operational Plan must specify each review to be undertaken in that year.
- 4.18 The Operational Plan must identify suitable measures to determine the effectiveness of the projects, programs and actions undertaken.

4.19 The Operational Plan must include a detailed budget for the actions to be undertaken in that year.

4.20 The Operational Plan must include council's Statement of Revenue Policy for the year covered by the Operational Plan.

4.21 The Statement of Revenue Policy must be included in an Operational Plan and must include the following statements:

- a statement containing a detailed estimate of the council's income and expenditure
- a statement with respect to each ordinary rate and each special rate proposed to be levied
- a statement with respect to each charge proposed to be levied
- a statement of the types of fees proposed to be charged by the council and, if the fee concerned is a fee to which Division 3 of Part 10 of Chapter 15 of the Act applies, the amount of each such fee
- a statement of the council's proposed pricing methodology for determining the prices of goods and the approved fees under Division 2 of Part 10 of Chapter 15 of the Act for services provided by it, being an avoidable costs pricing methodology determined by the council
- a statement of the amounts of any proposed borrowings (other than internal borrowing), the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured.

**Note:** *The Annual Statement of Revenue Policy may include a note that the estimated yield from ordinary rates is subject to the specification of a percentage variation by the Minister if that variation has not been published in the Gazette when public notice of the Annual Statement of Revenue Policy is given.*

- 4.22 The Statement of Revenue Policy with respect to an ordinary or special rate proposed to be levied must include the following particulars:
- the ad valorem amount (the amount in the dollar) of the rate
  - whether the rate is to have a base amount and, if so:
    - the amount in dollars of the base amount
    - the percentage, in conformity with section 500 of the Act, of the total amount payable by the levying of the rate, or, in the case of the rate, the rate for the category or sub-category concerned of the ordinary rate, that the levying of the base amount will produce.
  - the estimated yield of the rate
  - in the case of a special rate - the purpose for which the rate is to be levied
  - the categories or sub-categories of land in respect of which the council proposes to levy the rate.
- 4.23 The statement with respect to each charge proposed to be levied must include the following particulars:
- the amount or rate per unit of the charge
  - the differing amounts for the charge, if relevant
  - the minimum amount or amounts of the charge, if relevant
  - the estimated yield of the charge
  - in relation to an annual charge for the provision by the council of coastal protection services (if any) - a map or list (or both) of the parcels of rateable land that are to be subject to the charge.
- 4.24 The statement of fees and the statement of the pricing methodology need not include information that could confer a commercial advantage on a competitor of the council.

#### **Public exhibition requirements for the Operational Plan**

- 4.25 The draft Operational Plan must be publicly exhibited for at least 28 days, and submissions received by the council in that period must be considered, before the final Operational Plan is adopted by the council.
- 4.26 Council must publish a copy of its Operational Plan on the council's website within 28 days after the plan is adopted.
- 4.27 A map showing those parts of the local government area to which the various rates will apply (including each category and sub-category of the ordinary rate and each special rate included in the Operational Plan) must be available on the council's website and available for public inspection at its office (and any other places it determines) during the exhibition of the Operational Plan.
- 4.28 Where significant amendments are proposed to the Operational Plan, it must be re-submitted to council for adoption.

## ANNUAL REPORT

The Annual Report is one of the key points of accountability between a council and its community. It is not a report to the Office of Local Government or the NSW Government – it is a report to the community.

The Annual Report focuses on the council's implementation of the Delivery Program and Operational Plan because these are the plans that are wholly the council's responsibility. The Annual Report published in the year of each council election also contains the State of our City Report (formerly referred to as the End of Term Report) that assesses progress with respect to the implementation and effectiveness of the Community Strategic Plan.

The Annual Report also includes some information that is prescribed by the Regulation. This information has been included in the Regulation because the Government believes that it is important for community members to know about it – to help their understanding of how the council has been performing both as a business entity and a community leader.

### Local Government Act

Following is a summary of the requirements of section 428 of the Act:

- The council must prepare an Annual Report within 5 months of the end of the financial year.
- The report will outline the council's achievements in implementing its Delivery Program through that year's Operational Plan, and report on the effectiveness of the principal activities undertaken to achieve the objectives in that year.
- The Annual Report in the year in which an ordinary election of councillors is to be held must also contain a report as to the council's achievements in implementing the community strategic plan over the previous 4 years.
- The report must contain the council's audited financial statements prepared in accordance with the Code of Accounting Practice and Financial Reporting and any information or material required by the Regulation or the Guidelines.
- A copy of the report must be posted on the council's website and provided to the Minister and any other persons or bodies as required by legislation. The report may be provided to the Minister by notifying the OLG of the appropriate URL link to access the report on the council's website.

- The State of our City Report (formerly referred to as End of Term Report) prepared for the incoming council (or a county council) in the year of the ordinary election (see Essential Element 1.11) is to be appended to the Annual Report in that year.

### Local Government (General) Regulation

Clause 217 of the Regulation details the requirements to be included in the Annual Report.

**Note:** *The Annual Report Checklist issued by the Office of Local Government details the requirements to be included in the Annual Report.*

### Essential Elements

- 5.1 The council must prepare and endorse an Annual Report within 5 months of the end of the financial year.
- 5.2 A council's progress with respect to achieving the quadruple bottom line in the Delivery Program and Operational Plan must be reported on in the Annual Report.
- 5.3 The Annual Report must include information about how the council has progressed on the delivery of the service reviews it has committed to undertake in that year, the results of those reviews and any changes made to levels of service in the areas under review (see also Essential Element 4.17).

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## PLANNING AND REPORTING FOR COUNTY COUNCILS

### Local Government (General) Regulation

Part 9, Division 8 (clauses 218 and 219) of the Regulation provides the exemptions and modifications to the strategic planning provisions for county councils.

#### 218 Application of planning and reporting provisions to county councils

Part 2 (Strategic planning) of Chapter 13 of the Act applies to county councils with the following exceptions and modifications:

- (a) section 402 (Community strategic plan) does not apply to county councils,
- (b) each county council is required to have a business activity strategic plan as provided by clause 219.

#### 219 Business activity strategic plan of county council

- (1) A business activity strategic plan is a plan developed and endorsed by a county council that:
  - (a) identifies the main business activity priorities of the council covering a period of at least 10 years from when the plan is endorsed, and
  - (b) establishes strategic objectives together with strategies for achieving those objectives, and
  - (c) has been developed having due regard to the community strategic plans of the county council's constituent councils and in consultation with those councils.

- (2) Following an ordinary election of councillors for the constituent councils of a county council, the county council must review the business activity strategic plan before 30 June following the election. The council may endorse the existing plan, endorse amendments to the existing plan or develop and endorse a new business activity strategic plan, as appropriate to ensure that the council has a business activity strategic plan covering at least the next 10 years.
- (3) Within 28 days after a business activity strategic plan is endorsed, the council must post a copy of the plan on the council's website and provide a copy to the Director-General. A copy of a business activity strategic plan may be provided to the Director-General by notifying the Minister of the appropriate URL link to access the plan on the council's website.

### Essential Elements

The Essential Elements contained in the Community Strategic Plan Chapter 3 also apply with respect to a county council's Business Activity Strategic Plan.



## PLANNING AND REPORTING FOR JOINT ORGANISATIONS

The Statement of Strategic Regional Priorities sets out the joint organisation's vision for the region and explains how that vision will be achieved

It is a shared vision, built on the priorities of member councils, identified through IP&R, and with due consideration to State planning and regional strategies.

Other partners, such as state agencies, non-government organisations, business and industry, and community groups should also be engaged in delivering the strategies of the Plan.

The Annual Performance Statement provides a 'report card' of the progress the joint organisation has made each year towards achieving its Strategic Regional Priorities.

It is the key point of accountability between a joint organisation and its members and local communities across the region.

The Statement may also include other information that the JO believes is important for member councils and the broader community to know about to help build understanding about how the JO has been performing - both as a regional leader and in relation to any other activities it chooses to undertake for member councils and/or the region.

### Local Government Act

Summarised below are the requirements of section 400R relating to establishing a joint organisation's strategic regional priorities:

- Each joint organisation has the following principal functions:
  - establish strategic regional priorities for the area and to establish strategies and plans for delivering those priorities
  - provide regional leadership for the area and to advocate for strategic regional priorities
  - identify opportunities for intergovernmental collaboration on matters relating to the area.
- Each joint organisation is to consider any relevant strategic priorities or plans of member councils and the state government in establishing strategic regional priorities.
- Schedule 6 enables the Regulation to provide for matters relating to a joint organisation's planning and reporting.

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## Local Government (General) Regulation

Following is a summary of the requirements in the Regulation in relation to joint organisation planning and reporting.

### Statement of Strategic Regional Priorities (cl 397H)

- Each joint organisation must have a Statement of Strategic Regional Priorities setting out those priorities and the strategies and plans for delivering them.
- A joint organisation must prepare its Statement of Strategic Regional Priorities by no later than 12 months after each ordinary election of councilors for all member councils.
- Each joint organisation must consult with member councils about the content of the proposed Statements of Strategic Regional Priority.
- The Statement of Strategic Regional Priorities must be published by the joint organisation on its website.

### Annual Statement of Revenue Policy (cl 397I)

- Each joint organisation must have a statement of the joint organisation's revenue policy for a year.
- The Annual Statement of Revenue Policy must include the following statements:
  - detailed estimate of the joint organisation's income and expenditure
  - the types of fees proposed to be charged by the joint organisation
  - the amount of any proposed fees which apply to any 'non-business activities' as defined in the Act
  - the amounts of any proposed borrowings (other than internal borrowing), the sources from which they are proposed to be borrowed and the means by which they are proposed to be secured.

- The statement of fees need not include information that could confer a commercial advantage on a competitor of the joint organisation
- A joint organisation must adopt its revenue policy statement on or before 30 June in the preceding year.

### Annual Performance Statements (cl 397J)

- Each joint organisation must prepare an Annual Performance Statement within 5 months of the end of each financial year reporting on progress during that year in implementing its strategies and plans for delivering its strategic regional priorities.
- The Annual Performance Statement is to be published by the joint organisation on its website within 28 days after it is made.

## Essential Elements

There are no Essential Elements relating to joint organisations.

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