

5 November 2021

Dear Mr May PSM,

You are kindly requested to attend the **Ordinary Meeting** of Wingecarribee Shire Council to be held in **Council Chambers, Civic Centre, Elizabeth Street, Moss Vale** on **Wednesday 10 November 2021** commencing at **3.30pm**.

Yours faithfully

Lisa Miscamble  
**General Manager**

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## **Business**

- 1. OPENING OF THE MEETING**
  - 2. ACKNOWLEDGEMENT OF COUNTRY**
  - 3. PRAYER**
  - 4. APOLOGIES**  
Nil
  - 5. ADOPTION OF MINUTES OF PREVIOUS MEETING**  
Ordinary Meeting of Council held on 13 October 2021
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# AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021



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Nil

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## 12. CLOSED COUNCIL

Nil

## 13. MEETING CLOSURE

## Our Mission, Our Vision, Our Values

### OUR MISSION

To create and nurture a vibrant and diverse community growing and working in harmony with our urban, agricultural and natural environments

### OUR VISION

**Leadership:** *'An innovative and effective organisation with strong leadership'*

**People:** *'A vibrant and diverse community living harmoniously, supported by innovative services and effective communication with Council'*

**Places:** *'Places that are safe, maintained, accessible, sympathetic to the built and natural environment, that supports the needs of the community'*

**Environment:** *'A community that values and protects the natural environment enhancing its health and diversity'*

**Economy:** *'A strong local economy that encourages and provides employment, business opportunities and tourism'*

### OUR VALUES

Integrity, trust and respect

Responsibility and accountability

Communication and teamwork

Service quality



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## **Council Chambers**

### **Recording and Webcasting of Ordinary and Extraordinary Meetings of Council**

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**The Council Chamber has 24 Hour Video Surveillance.**



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## **ACKNOWLEDGEMENT OF COUNTRY**

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“Wingecarribee Shire Council acknowledge the Gundungurra and Tharawal people as the traditional custodians of this land we now call the Wingecarribee Shire. I pay my respect to Elders both past, present and emerging. I would also like to extend that respect to all Aboriginal and Torres Straight Islanders present here today.”

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## **APOLOGIES**

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Nil at time of print.

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## **DECLARATIONS OF INTEREST**

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101/3, 101/3.1

The provisions of Chapter 14 of the *Local Government Act 1993* regulate the way in which nominated staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public trust.

The Act prescribes that where a member of Council (or a Committee of Council) has a direct or indirect financial (pecuniary) interest in a matter to be considered at a meeting of the Council (or Committee), that interest and the reasons for declaring such interest must be disclosed as soon as practicable after the start of the meeting.

As members are aware, the provisions of the Local Government Act restrict any member who has declared a pecuniary interest in any matter from participating in the discussions or voting on that matter and further require that the member vacate the Chamber.

Council's Code of Conduct provides that if members have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed. The Code also provides for a number of ways in which a member may manage non pecuniary conflicts of interest.

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## COUNCIL MATTERS

### 8 GENERAL MANAGER

#### 8.1 Berrima Gaol - NSW State Government Sale via Expression of Interest

**Report Author:** Manager Strategic Land Use Planning  
**Authoriser:** General Manager

##### **PURPOSE**

To provide Council and the community with an update on the State Government's sale of the historic Berrima Gaol via an expression of interest (EOI) campaign.

##### **RECOMMENDATION**

**THAT Council continue to advocate to the Minister for Water, Property and Housing on behalf of the Wingecarribee community, for meaningful community engagement prior to the sale of the historic Berrima Gaol.**

##### **REPORT**

##### **BACKGROUND**

The Berrima Gaol (also known as the Berrima Correctional Centre) is thought to be one of the oldest gaols on mainland Australia outside of Sydney and features buildings that range in dates from the 1830s through to the 1940s.

The Gaol is an example of early colonial architecture, is both a local and State significant heritage item that contributes strongly to the character of the Berrima village, and is highly valued by the local community.

The Gaol was formerly retired in 2020 as it was considered no longer fit-for-purpose and surplus to the NSW Government's requirements.

On 13 October 2021, the NSW Government announced that the former Berrima Gaol had been listed for sale for adaptive reuse via an open-ended expressions of interest (EOI) process. This followed a number of meetings between Council and the State Government, and a formal request from Council for a more collaborative approach to the sale of the Gaol. In particular, the active involvement of Council and the community in the creation of a community led vision for the site that could be used to inform and frame the EOI process.

The proposed sale of the Gaol via an open-ended EOI has caused significant concern in the community and for Council. This report provides an update to the community and an overview of the community visioning exercise proposed by Council.

##### **REPORT**

##### **Existing Planning Framework**

The Berrima Gaol is currently zoned SP1 Correction Centre under the Wingecarribee Local Environmental Plan 2010, meaning the only permissible uses on the site are 'Correctional Centre' and 'Aquaculture'.



The current zoning presents a significant risk to potential purchasers of the site, who will be reliant on a Planning Proposal to enable any adaptive re-use of the Gaol. The risk associated with the Planning Proposal process is likely to significantly reduce the value of the site, without a clearer framework of what Council and the community would envision for the site.

### **Proposed Community-Led Vision**

Council proposed to work collaboratively with Property and Development NSW and the Berrima community to develop a community-led strategic vision for the site / precinct, to help frame the expression of interest process.

The community visioning process would involve three key steps which are outlined below:

#### **1. Strategic and Contextual Analysis**

A strategic and contextual analysis would provide a sound understanding of the strategic context for the site, including established priorities outlined in the Community Strategic Plan, Local Strategic Planning Statement and the Southern Highlands Destination Strategy. It would also provide a better understanding of the heritage significance of the site and surrounding precinct.

This analysis would also consider local character, land use, movement networks, vegetation and landscaping, infrastructure and built form characteristics (i.e. scale and materiality) to help inform potential development outcomes on the site.

#### **2. Developing a Community Led Strategic Vision (consultation)**

Consultation with the local community and stakeholders would be used to develop a strategic vision for the precinct, including identifying key principles, opportunities and threats for the site.

#### **3. Documenting the Strategic Vision**

The strategic and contextual analysis, as well as the strategic vision for the precinct would be documented to form part of the EOI process.

This collaborative approach would identify key planning priorities that will help shape the future use of the heritage significant Gaol and provide significant benefits to both the NSW Government and the Wingecarribee community by:

- Providing greater certainty to Council and the community about the future use of the site
- Providing greater certainty to proponents involved in the EOI process without limiting the markets ability to identify future opportunities for the site, and
- Significantly increasing the value of the site by reducing the risk for proponents.

It is anticipated that the process outlined above could have been completed within three (3) months, and Council committed to funding 50% of the project cost, to ensure a positive outcome for the Wingecarribee community.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

No community engagement was undertaken prior to the Gaol being listed for sale via EOI. The process proposed by Council would have involved active involvement of the community in developing a community-led strategic vision for the site.



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### **Internal Communication and Consultation**

Not applicable in the context of this report.

### **External Communication and Consultation**

Council staff and the Interim Administrator had a number of meetings with Property and Development NSW requesting a more collaborative approach to the EOI process. Council has also actively engaged with the State Member on the project.

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

The Berrima Gaol is both a local and State significant heritage item that contributes strongly to the character of the Berrima village, and is highly valued by the local community. It is anticipated that the community-led visioning exercise would have led to an improved outcome for this important piece of cultural infrastructure for the Shire.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

There are no budget implications associated with this report, however, Council had committed to funding 50% of the cost of the community visioning exercise to ensure a positive outcome for the Wingecarribee community.

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## **RELATED COUNCIL POLICY**

There are no related Council Policies.

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## **CONCLUSION**

This report provides an update to the community on the sale of the Berrima Gaol and an overview of the community visioning process that was proposed by Council.

The proposed sale of the Gaol via an open-ended EOI has caused significant concern in the community and for Council, and it is recommended that Council continue to advocate on behalf of the community for meaningful community engagement prior to the sale of the Gaol.

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**REPORT GENERAL MANAGER**



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**ATTACHMENTS**

There are no attachments to this report.



## 8.2 Emergency Operations Centre

**Report Author:** Bushfire Recovery Project Facilitator  
**Authoriser:** General Manager

### **PURPOSE**

To progress action against a significant recommendation from the *Bushfire Response and Recovery Review 2021* relating to Emergency Operations Centre sites and options.

### **RECOMMENDATION**

#### **THAT:**

1. Council formally resolve to locate an Emergency Operations Centre in the Civic Centre redevelopment to meet needs in the short to medium term.
2. Council write to and meet with Resilience NSW to progress a priority application for \$300k to undertake this work as an outcome of the independent *Bushfire Response and Recovery Review*.
3. Council commence the investigation and planning for development of an emergency services hub in the Wingecarribee in the medium to long term and include this in its draft Delivery Program and Operational Plan for 2022/23.
4. Council acknowledge the needs of key emergency agencies to establish an operational arm of an Emergency Operations Centre linked to the Incident Management Teams in the early stages of major incidents with links to the proposed Civic Centre Emergency Operations Centre also being established.
5. The emergency service agencies, LEOCON and REMO be thanked for their assistance in moving this item forward.

### **REPORT**

#### **BACKGROUND**

In the recent independent *Bushfire Response and Recovery Review 2021*, work undertaken by Risk-e Business's Mr David Owens, comments were made in the review process and a recommendation included (Recommendation 6) *That Wingecarribee Shire Council undertakes a review of the current Emergency Operations Centre sites to either upgrade current assets or provide an alternate site for the Emergency Operations Centre.*

This along with all recommendations from the report and other debrief documents and the recommendations from the NSW Bushfire Inquiry were part of a review and response requested by the Independent Administrator in July 2021 and commissioned by the General Manager following consideration by Council of the Review document.

A Bushfire Facilitator was appointed and has been working with staff and external organisations to provide a detailed follow up and report on the actions undertaken and the future priorities to be worked on. A full report on the response to the Bushfire Response and Recovery Review 2021, will be presented to Council at its meeting on 8 December 2021.

In the Bushfire Facilitator's (Ms Barnes) work to assess progress and respond against the recommendations she worked with a Project Control Group and various Working Groups and interviewed internal staff and external agency officers to further action against the recommendations.

**8.2 Emergency Operations Centre  
ATTACHMENT 1 EOC Proposed Location**

The Emergency Operations Centre (EOC) adequacy and opportunities were a theme in several discussions. The Independent Administrator also identified addressing this item to be a priority and work has progressed to look at options in the short, medium and longer term.

Recommendation 61 NSW Bushfire Inquiry referenced by Mr Owens in his work states:

*That, in order to improve cross-agency communication and coordination during bush fires, the NSW RFS review Fire Control Centres (FCCs) in areas that were heavily affected by fire. The results should be combined with the Emergency Operations Centre (EOC) Facilities Review to identify areas that would benefit from a purpose-built FCC, enabling co-location with the EOC*

An Emergency Operations Centre (EOC) is a centre established under the State Emergency and Rescue Management Act at a State, regional or local level as a centre for communication, and as a centre for coordination of operations and support, during an emergency. It is a facility from which an Emergency Operations Controller can ensure the timely provision of support to affected communities by either:

- a. planning for an impending event in the pre-impact phase
- b. monitoring an operation
- c. coordinating support to a Combat Agency or
- d. controlling an emergency operation (where there is no combat agency or at the combat agency's request or when directed by the Minister).

An Emergency Operations Centre is always a multi-agency facility with representation from all agencies members of the Local Emergency Management Committee and others in attendance, as required. The Handbook developed to outline the requirements of EOCs in NSW has been reviewed and used by staff in assessing the needs for a space in the short, medium and longer term.

If coordinating support at the request of a combat agency, it is preferable to locate an EOC close to the combat agency's Incident Management Team (IMT) to facilitate good communications with that agency and the Incident Controller. If the combat agency IMT is controlling the response to the emergency over more than one local area, the EOC will coordinate support to the same geographical area. In this case, the Regional Emergency Operations Controller (REOCON) will determine, in consultation with the affected Local Emergency Operations Controllers (LEOCON) and the Emergency Management Officer (EMO), whether the EOC shall be controlled by the REOCON or a particular LEOCON.

Regional and Local Emergency Operations Controllers are responsible for establishing and controlling emergency operations centres. The Emergency Operations Controller, with the assistance of the Emergency Management Committee identifies, in their area of responsibility, a range of facilities which may be utilised as emergency operations centres. It is suggested that possible EOCs be located close to combat agencies or co-located if enough space and other required resources are available for both the combat agency and the EOC to operate independently. This facilitates good communication between the combat agency and the EOC when providing support.

It is preferable that identified facilities be publicly owned to ensure 24-hour access and the ability to set them up appropriately. More than one EOC should be identified in each area to ensure flexibility, dependent upon the type and location of the situation and the area(s) affected. This also provides for business continuity should a facility not be available at the time. If suitable facilities operated by an emergency service agency or other Government departments (e.g. NSW Rural Fire Service, NSW State Emergency Service) are identified, consultation and negotiation should occur at the local level in the first instance.

The physical location should be determined using the results of the emergency risk management process to ensure that the facility is located outside of the potential hazard impact area.

The physical requirements for an EOC are outlined in the EOC Facility Guidelines and detail size, layouts, physical resource requirements, utilities and communication systems. Where suitable facilities are unable to be identified or additional equipment is needed to ensure they meet necessary standards, funding may be sourced through a number of State and Commonwealth initiatives.

EOCs are stood up at the direction of the Local Emergency Operations Controller (LEOCON), a senior NSW Police appointment. Combat agencies (the lead agency for fire, flood etc) control the Incident

**8.2 Emergency Operations Centre  
ATTACHMENT 1 EOC Proposed Location**

Management Team (IMT) for each disaster and these IMTs are usually set up in the lead response agencies venue. Whilst in a “perfect world” it would be ideal to have the capacity to collocate an EOC with each CA headquarters this is not feasible in most but the biggest and most well-resourced areas.

A key long-term strategic outcome would be to consider the establishment of an emergency services hub in the Shire where all key emergency service agencies have a presence and a state of the art EOC and training facilities are included. This model is being progressed in some areas with the Shoalhaven presenting an excellent model. To achieve this approach for the Wingecarribee will take some time to achieve and should be considered in longer term strategic planning for the Shire.

Discussions about a co-located Wollondilly/Wingecarribee EOC have also commenced however this is a long-term consideration and would not be seen by most agencies as an “only solution”. This approach may be something that progresses, but other options need to be considered and actioned more immediately.

Wingecarribee Shire Council’s current EOC is located at the RFS Headquarters Priestly Street Mittagong, with an alternate located in the WSC Theatre Civic Centre Elizabeth Street Moss Vale. During the 2019/2020 fires a number of short comings were identified with this facility. Alternate sites have been discussed and each agency has preferences for collocation and there is general consensus that the development of a hub would be the best long-term outcome.

In the short term supporting an initial standing up of an EOC for key agencies only within the RFS or SES (with bushfire and storm/tempest the highest likely events necessitating the standing up of an EOC) with a centralised EOC also stood up and linked remotely to the incident EOC. This would allow for the best IMT outcomes, the best transition to relief and recovery and meeting all Covid safety requirements.

Most EOCs cannot be co-located with each separate CA. Whilst co-location does make a difference in ensuring the LEOCON can effectively and efficiently support the CA it is not achievable in the short or medium term in the Wingecarribee and there are alternative ways of achieving this outcome.

The Interim Administrator, General Manager, Council Directors and Council staff met with the LEOCON, Regional Emergency Management Officer (REMO) and key leaders of major combat agencies on 11 October 2021 to discuss the opportunity raised during the Bushfire Response and Recovery Review and discussions with a range of stakeholders to explore the opportunity to provide a facility co-located within Council’s new Civic Centre development.

This is located in Moss Vale across the road from the NSW Police regional headquarters. Whilst not co-located with any of the combat agencies this facility, provides an excellent opportunity to have a purpose built and available space, with appropriate telecommunications access and ancillary services. Co-locating with Council administration also allows for the transition from response to recovery in an emergency can be more streamlined.

This option to include a designated and suitably resourced space in the Wingecarribee Council’s Civic Centre as a primary EOC location whilst not a “perfect” solution provides an excellent site and supporting amenities and is co-location with Council staff support, with power outage support and excellent options for online connectivity. It will require CA and support agencies to be prepared to provide a trained Liaison Officer (LO) in the EOC to ensure what is being tasked is a requirement of the Incident Controller.

The facility will allow for multiply phone lines, 3 large screens, video conferencing facilities and fully redundant internet facilities. Wi-Fi and wired connections would be available to be used. In addition, there would be space for break out areas which would be supported with relevant IT needs if required.

The space allocated to the EOC will be 120sq meters, this would allow for a minimum of 30 people to be seated in the room should we be under full restrictions with COVID. The maximum seating for this room will be 60 people. The furniture that is proposed would allow for a number of different configurations, which can be easily changed to suit the purpose of the room at any given time.

The space allows for appropriate allocation of set up to support Agencies that will need to be accommodated within the space at the EOC including Ambulance Service of NSW, Fire and Rescue NSW, NSW Police Force, NSW Rural Fire Service, State Emergency Service, Surf Life Saving New South Wales, New South Wales Volunteer Rescue Association Inc, Volunteer Marine Rescue NSW, an agency that manages or controls an accredited rescue unit, and other services that may be involved in the prevention of, preparation for, responses to or recovery from an emergency, including the following—



- (a) agricultural and animal services
- (b) telecommunications services, energy and utility services
- (c) engineering services
- (d) environmental services
- (e) health services
- (f) public information services
- (g) transport services
- (h) welfare services.

Importantly in the current pandemic response it is important to ensure any space utilised as an EOC can accommodate both onsite personnel with appropriate Covid Safe dimensions of one per 4sqm and the ability to link online to others. Appropriate cleaning, sanitising and other Covid safe practices will need to be in place. Various IT items, whiteboards, printers, TV monitors to display CA information (ICON) or news feeds etc are essential and which configuration works best to suit the room. Parking availability and potential permits also need to be considered.

The site identified in the attached plan is a central area in the refurbished Civic Centre. Whilst not co-located directly with a key Combat Agency the area can be more than adequately configured to be an EOC closely located to key agencies. The IT and other requirements can be achieved and 24-hour access, space for all LEMC members and other agencies to have a desk and dedicated parking in a time of an emergency is also available.

Access to break out spaces, bathroom facilities and tea/lunch room is also available and would be able to be dedicated to the EOC during an emergency response.

Being a facility co-located with Council's administrative services allows for direct liaison with Council staff to support the EOC and particularly the transition from response to relief and recovery activities. This was also identified as a priority action in Council's internal debriefs held in 2020. With major response activity in the 2019-20 fires occurring over the Christmas break being co-located centrally with Council allows for Council staff on duty and on the emergency roster to be immediately available to support the EOC.

The space dedicated in the attached plan, when established as an EOC would also provide an excellent training and meeting room so that the space has multiple, year round functionality and provides a broad benefit to the Wingecarribee Shire community.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

The *Bushfire Response and Recovery Review* included broader community engagement on the 2019-20 fires.

### **Internal Communication and Consultation**

Discussions have been held with staff across the Council and the LEMO, ICT, facility and other staff have participated in discussions about options for this proposal.

### **External Communication and Consultation**

Discussions were held between the Reviewer and various agency leads. The Bushfire Review Facilitator has also undertaken discussions with agency leads. The Interim Administrator and General Manager with other key staff met with the LEOCON and REMO and other key emergency service leaders to discuss the proposal on 11 October 2021.

Follow up discussions were subsequently held with key agencies. Support for a model which meets the incident controller, the LEOCON and the involvement of all agencies in the EOC was supported. The establishment of an EOC capacity within the Civic Centre was supported to align with immediate EOC for



key agencies co-located with the IMT for an event, it was however noted that in current operating environments the need for the EOC capacity at the Civic Centre was key to the best model moving forward.

## SUSTAINABILITY ASSESSMENT

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

This proposal achieves a short-medium term solution to achieving improvements following the major 2019-20 fires, providing a central location for an improved EOC within the Council's Civic Centre redevelopment.

## COUNCIL BUDGET IMPLICATIONS

The estimated cost for the fit-out to provide this space is in the order of \$300,000. It is proposed that an urgent application be submitted to the Commissioner of Resilience NSW for funding for this key project. EOC funding for Wingecarribee Shire Council had previously been identified in a recent review of EOCs in regional NSW.

Wingecarribee was not included in the first round of this funding however it is a key recommendation of the *Bushfire Response and Recovery Review report* that this be progressed.

The recommendation calls for Council to formally present this proposal to Resilience NSW and request funding of \$300,000 to cover the setup of the EOC. Backbone EOC funding was provided to a number of Councils and this application would see the Wingecarribee EOC meet needs for the short, medium and into the longer term.

## RELATED COUNCIL POLICY

Emergency Management Plan

## CONCLUSION

The location and development of an EOC for Wingecarribee Shire Council has been the focus of discussion for some time. Short, medium and long term proposals need to be considered. The location of the purpose fitted area within the Council's Civic Centre redevelopment has been put forward through a number of reviews and consultations and is considered a very positive short to medium term solution. Alternate sites will also need to continue to be reviewed and an emergency services hub is also a priority to advocate and plan for in the longer term.

The location of a dedicated EOC space which can also be used for general training and other Emergency Service activities and as an additional Council meeting space is seen as a significant outcome for the emergency service agencies and Council and therefore the community.



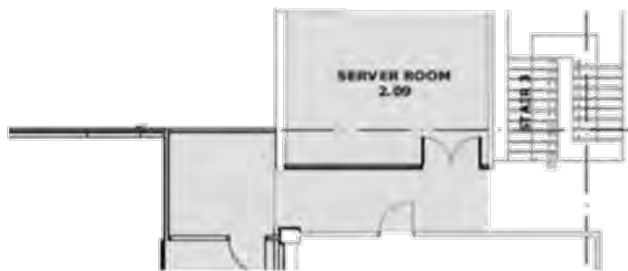
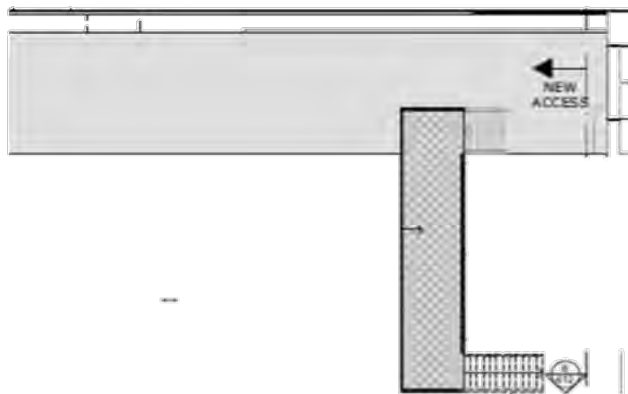
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**ATTACHMENTS**

1. EOC Proposed Location







## **COMMITTEE OF THE WHOLE**

### **9 CORPORATE STRATEGY AND RESOURCING**

#### **9.1 Corporate Relations Service Delivery Review - Final Report**

**Report Author:** Coordinator Corporate Performance  
**Authoriser:** Group Manager Corporate and Community

#### **PURPOSE**

To provide the Corporate Relations Service Delivery Review Final Report for consideration of the review findings and recommendations.

#### **RECOMMENDATION**

##### **THAT**

- 1. Council adopt the Corporate Relations Service Delivery Review Final Report and associated recommendations.**
- 2. The Corporate Relations Service Delivery Review recommendations be implemented by end of December 2022.**

#### **REPORT**

##### **BACKGROUND**

Community research undertaken by Micromex Research in February 2021 identified three of the five main drivers of overall community satisfaction with council were:

- Council's level of communication
- Council provision of information to residents
- Opportunities to participate in decision making

It was identified that increasing Council's communication and engagement capacity (formal and informal) was one of the next steps that Council could take in response to the results. The research highlighted diminishing overall satisfaction with the performance of Council with 2021 providing the lowest scores in both areas of the biennially conducted research since 2010 and 2012 respectively.

To further consider the research results and suggested next steps, as well as position Council to support and drive a new phase of reinvigoration, the Corporate Relations Service was identified to undertake a service review, as part of Council's Service Delivery Review Program.

Corporate Relations is one of 30 council services (as outlined in Council's Operational Plan 2021/22) that provides internal and external communications, community engagement, civic event co-ordination and corporate branding services.

Core business of the service is defined as:

- Develop material for the local press to communicate Council decision making and initiatives

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



- Manage social media platform
- Plan and deliver community engagement activities (including online engagement tools)
- Implement Council's branding and style guide
- Coordinate civic events e.g. Australia Day and citizenship ceremonies

#### Corporate Relations sub-services

- Civic Receptions
- Communication
- Community Engagement
- Events Coordination (major and community)
- Social Media

### **REPORT**

The Corporate Relations Service Delivery Review was facilitated by KPMG on behalf of Council and undertaken between 4 August and 21 September 2021.

The objective of the review was to provide recommendations on matching resources with re-focussed priorities and strategic direction, whilst continuing to develop a contemporary and professional approach.

The review scope was:

1. Undertake a further review of the Communication Strategy (together with the Community Engagement Strategy) and provide recommendations.
2. Undertake a community engagement process to check against community expectations and provide recommendations on Council's communication and engagement channels, including digital and social media.
3. Undertake comparative analysis (using a set of agreed Council's) to review resourcing (human and financial) levels across each sub service and provide recommendations on Council's capacity to deliver priorities and strategic directions.
4. Evaluate current capacity to provide a focus on reputation management and public relations, in response to Council being placed into Administration in March 2021 and community research results.

Given the strong community feedback and recommendations from recent independent reviews commissioned by the Interim Administrator in relation to communication and engagement, during the early phases of the service delivery review it was decided that external communications (including social media) and community engagement would be the focus of the review.

A desktop analysis was undertaken of relevant templates, policies, strategies, plans, guides and communication and engagement examples. Council's extensive communication channels were mapped and considered during the review.

A comparative analysis with five other councils was carried out to inform service capacity and strategic service focus considerations.

In addition to the desktop analysis, internal and external consultations were undertaken as part of the review:

Internal:

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



- Interviews and online workshop with service staff.
- Online workshop with service stakeholders.
- Interviews with individual stakeholders.

External:

- Online survey with 407 survey responses
- Two online forums – one with community associations representatives and one with a self-nominated group of respondents to Council's February 2021 Community Research.

The external consultations focussed on a deeper exploration of the 2021 Community Research results around communications, provision of information and opportunities to participate in decision making which were identified as three of the five main drivers of overall satisfaction.

### **REVIEW RECOMMENDATIONS**

The final review report, shown at **Attachment 1**, presents five tactical, six strategic and two transformational recommendations which are outlined below.

#### **Tactical Recommendations:**

- TR-1 Include a new section in the weekly Community Update 'Submissions & Feedback' summarising recent consultation outcomes and related action plans.
- TR-2 Centralise all graphic design work into a single internal or outsourced role to release capacity.
- TR-3 Implement standard practice guidelines for hyperlinks and cross-referencing in communications content.
- TR-4 Review and uplift the project Consultation and Community Plan template to enhance its functionality.
- TR-5 Streamline stakeholder approval processes to allow for a more agile approach considering the level of risk for different types of communications channels and content.

#### **Strategic Recommendations:**

- SR-1 Crises settlement and mid-term approach
- SR-2 Map your stakeholders and understand their needs.
- SR-3 Redesign the Corporate Relations services
- SR-4 Establish a Corporate Relations governance framework
- SR-5 Uplift Communications and Community engagement strategies.
- SR-6 Develop a council-wide social media approach

#### **Transformational Recommendations:**

- Develop a Customer Experience and Channel Strategy.
- Design and Implement a Customer Experience Platform.

The review also proposed three investment considerations around headcount, capability and workload prioritisation, shown on page 7 of **Attachment 1**.

The review report highlights the connection between the Corporate Relations service and Customer Services, which is reflected in the findings and recommendations. Whilst there is a small number of dedicated roles relating to delivery of this service, it is noted that there is some decentralisation of the responsibility for the communication and engagement. As a result the outputs of the service are undertaken by a large number of staff across the breadth of the organisation through their varied interactions with stakeholders. Commitment across the organisation will be required to fully realise the intent of the improvement

recommendations. The review report will be considered in the next stage of the organisational restructure.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

The following community engagement activities were undertaken during the review:

- Online survey with 407 survey responses on Your Say, Council's online community engagement hub.
- Two online forums – one with community associations representatives and one with a self-nominated group of respondents to Council's February 2021 Community Research.

The community engagement focussed on a deeper exploration of the 2021 Community Research results around communications, provision of information and opportunities to participate in decision making which were identified as three of the five main drivers of overall satisfaction.

### **Internal Communication and Consultation**

The following internal engagement activities were undertaken during the review.

- Interviews and online workshop with service staff.
- Online workshop with service stakeholders.
- Interviews with individual stakeholders.

The final review report has been consulted with service staff, Chief Information Officer and Acting Group Manager Organisational Development.

### **External Communication and Consultation**

Consultation was undertaken with five councils in order to conduct a comparative analysis on service capacity and strategic service focus.

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## **SUSTAINABILITY ASSESSMENT**

### **• Environment**

There are no environmental issues in relation to this report.

### **• Social**

There are no social issues in relation to this report.

### **• Broader Economic Implications**

There are no broader economic implications in relation to this report.

### **• Culture**

There are no cultural issues in relation to this report.

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021

### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



- **Governance**

The service delivery review makes a recommendation (SR-4) for the development of a corporate relations governance framework to ensure services delivered across Council are delivery and governed cohesively.

Conducting the Corporate Relations Service delivery review was Action 1 of the improvement actions adopted at the September 2021 meeting of Council, in response to the 2021 community research results.

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#### **COUNCIL BUDGET IMPLICATIONS**

There are budget implications shown on page 7 of **Attachment 1** 'Investment Considerations', specifically headcount and outsourcing niche capabilities such as crisis settlement.

The crisis settlement component will be included in the September quarterly budget review for consideration.

Other investment considerations will be included in phase two of the organisational restructure and the draft 2022/23 budget.

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#### **RELATED COUNCIL POLICY**

Social Media Policy

Media Policy

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#### **CONCLUSION**

Council appointed KPMG to undertake a service delivery review of the Corporate Relations service. The report outlines the tactical, strategic and transformation recommendations in the final review report together with investment considerations. Council's capacity to implement review recommendations will be considered at the September quarterly budget review and in development of phase two of the organisational restructure, expected in March 2022.

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#### **ATTACHMENTS**

1. Corporate Relations Service Delivery Review - Final Report - *circulated under separate cover*

## 9.2 Investment Report - September 2021

Report Author: Accounting Officer (Banking and Investments)  
Authoriser: Acting Chief Financial Officer

### PURPOSE

The purpose of this report is to present Council's Investment Portfolio held at 30 September 2021.

### RECOMMENDATION

**THAT** the information on Council's Investments as at 30 September 2021 be received and noted.

### REPORT

In accordance with section 212 of the *Local Government (General) Regulation 2005*, the Responsible Accounting Officer must provide Council with a written report setting out details of all money that Council has invested under section 625 of the *Local Government Act 1993*.

This report provides details of Council's Investment Portfolio as at 30 September 2021.

**Attachment 1** to this report provides Council's Investment Portfolio, detailing investments held and a summary of the portfolio by the institution invested with and their credit rating.

In accordance with section 212(1)(b) of the *Local Government (General) Regulation 2005*, the investments listed in **Attachment 1** have been made in accordance with:

- The *Local Government Act 1993*
- The *Local Government (General) Regulation 2005*,
- The Ministerial Investment Order 2011, and
- Council's Investment Policy.

Interest earned from investments totalled \$244,643.44 for three (3) months to 30 September 2021. Interest earned is under budget by \$55,356.57 to 30 September with interest rates dropping below 0.50% on term deposits with a maturity of less than 12 months. The interest is attributable to each fund as listed in the table below.

Fund	YTD budget	YTD actual	Variance
General fund	117,000.00	93,936.70	(23,063.30)
Water Fund	102,000.00	81,159.66	(20,840.34)
Sewer Fund	81,000.00	69,547.07	(11,452.93)
<b>Total</b>	<b>300,000.00</b>	<b>244,643.43</b>	<b>(55,356.57)</b>

Council's Investment Advisor, Laminar Capital, commenced on 1 November 2021 and Management are working with them to identify opportunities to increase returns on surplus funds invested within legislative and Policy frameworks.





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**ATTACHMENTS**

1. Investment Report Summary as at 30 September 2021



## Wingecarribee Shire Council Investment Report Summary For the period ending 30 September 2021

### List of Investments

Council's investment portfolio as at 30 September 2021 consists of the following investments:

INVESTMENT PORTFOLIO AS AT 30 September 2021						
Institution	Type	Amount	Interest Rate	Investment Term - Days	Maturity Date	% Investment Portfolio
Auswide	Term Deposit	3,000,000	0.50%	300	6/10/2021	1.49%
AMP	Term Deposit	2,500,000	0.75%	330	19/10/2021	1.24%
AMP	Term Deposit	2,500,000	0.75%	343	2/11/2021	1.24%
AMP	Term Deposit	2,500,000	0.75%	332	12/11/2021	1.24%
Auswide	Term Deposit	5,000,000	0.50%	280	26/11/2021	2.48%
BOQ	Term Deposit	5,000,000	0.40%	188	3/12/2021	2.48%
AMP	Term Deposit	2,500,000	0.75%	365	15/12/2021	1.24%
NAB	Term Deposit	3,000,000	0.40%	320	21/12/2021	1.49%
Auswide	Term Deposit	5,000,000	0.50%	384	7/01/2022	2.48%
CBA	Term Deposit	5,000,000	0.34%	240	21/01/2022	2.48%
ME	Term Deposit	5,000,000	0.45%	329	28/01/2022	2.48%
CBA	Term Deposit	4,500,000	0.34%	157	4/02/2022	1.98%
CBA	Term Deposit	2,000,000	0.40%	330	11/02/2022	0.99%
CBA	Term Deposit	2,000,000	0.41%	354	18/02/2022	0.99%
CBA	Term Deposit	5,000,000	0.42%	365	23/02/2022	2.48%
ME	Term Deposit	4,500,000	0.45%	336	3/03/2022	1.98%
ME	Term Deposit	3,000,000	0.45%	365	18/03/2022	1.49%
BOQ	Term Deposit	5,000,000	0.33%	210	25/03/2022	2.48%
Macquarie	Term Deposit	1,000,000	0.40%	210	25/03/2022	0.50%
CBA	Term Deposit	3,000,000	0.43%	365	31/03/2022	1.49%
ME	Term Deposit	2,000,000	0.45%	365	31/03/2022	0.99%
CBA	Term Deposit	5,000,000	0.38%	304	7/04/2022	2.48%
Macquarie	Term Deposit	1,000,000	0.40%	350	14/04/2022	0.50%
BOQ	Term Deposit	5,000,000	0.40%	371	20/04/2022	2.48%
ME	Term Deposit	3,500,000	0.45%	365	29/04/2022	1.49%
ME	Term Deposit	4,500,000	0.50%	365	5/05/2022	1.98%
CBA	Term Deposit	5,000,000	0.43%	330	11/05/2022	2.48%
BDCU	Term Deposit	5,000,000	0.50%	384	20/05/2022	2.48%
BDCU	Term Deposit	5,000,000	0.50%	384	27/05/2022	2.48%
ME	Term Deposit	2,000,000	0.41%	276	6/06/2022	0.99%
CBA	Term Deposit	3,500,000	0.38%	302	15/06/2022	1.49%
CBA	Term Deposit	10,000,000	0.42%	365	23/06/2022	4.95%
Macquarie	Term Deposit	1,000,000	0.40%	302	23/06/2022	0.50%
CBA	Term Deposit	10,000,000	0.43%	354	1/07/2022	4.95%
Macquarie	Term Deposit	1,500,000	0.40%	329	1/07/2022	0.50%
ME	Term Deposit	5,000,000	0.50%	365	12/07/2022	2.48%
MyState	Term Deposit	2,500,000	0.40%	293	20/07/2022	1.24%
NAB	Term Deposit	5,000,000	0.37%	365	29/07/2022	2.48%
BOQ	Term Deposit	3,500,000	0.40%	364	5/08/2022	1.49%
Macquarie	Term Deposit	1,000,000	0.40%	354	5/08/2022	0.50%
MyState	Term Deposit	5,000,000	0.45%	322	16/08/2022	2.48%
CBA	Term Deposit	5,000,000	0.41%	365	26/08/2022	2.48%
BOQ	Term Deposit	5,000,000	0.36%	364	2/09/2022	2.48%
CBA	Term Deposit	3,000,000	0.38%	364	3/09/2022	1.49%
Macquarie	Term Deposit	1,000,000	0.40%	365	18/09/2022	0.50%
NAB	Term Deposit	5,000,000	0.35%	365	21/09/2022	2.48%
CBA	Term Deposit	5,000,000	0.39%	365	27/09/2022	2.48%
MyState	Term Deposit	3,000,000	0.45%	365	28/09/2022	1.49%
NAB	Term Deposit	5,000,000	0.50%	729	25/09/2023	2.48%
NAB	Term Deposit	5,000,000	0.50%	731	28/09/2023	2.48%
NAB	Call Account	3,379,961	0.00%	NA	NA	1.67%
BDCU	Call Account	6,001,506	0.15%	NA	NA	3.96%
<b>Total Investments</b>		<b>\$201,881,887</b>				<b>100.00%</b>

Institution Legend		
AMP - AMP Limited	CBA - Commonwealth Bank of Australia	MyState - MyState Bank
ANZ - Australia & New Zealand Banking Group	CUA - Credit Union Australia	NAB - National Australia Bank
Auswide - Auswide Bank	IMB - IMB Bank	Newcastle - Newcastle Permanent Building Society
BOQ - Bank of Queensland	ING - ING Direct	St George - St George Bank
BDCU - BDCU Alliance Bank	Macquarie - Macquarie Bank Limited	WBC - Westpac Banking Corporation
Bendigo - Bendigo & Adelaide Bank	ME - Members Equity Bank	Rural - Rural Bank



## Wingecarribee Shire Council Investment Report Summary

For the period ending 30 September 2021

### Policy Compliance

Council's Investment Policy provides clear direction for the diversification of Council's investment portfolio. This ensures credit and diversification risk is managed in accordance with the adopted risk management framework, as outlined in Council's Policy.

### Individual Institution Limits

A summary of investments placed by institution is as follows:

Institution	S&P Short Term Rating	Maximum %	Actual %	Invested \$	Supports Fossil Fuels	Policy Compliance
NAB	A1+	40%	13.07%	26,379,981	YES	YES
CBA	A1+	40%	33.19%	67,000,000	YES	YES
Macquarie	A1	25%	2.97%	6,000,000	YES	YES
AMP	A2	15%	4.95%	10,000,000	YES	YES
BOQ	A2	15%	11.39%	23,000,000	NO	YES
BDCU	A2	15%	8.92%	18,001,906	NO	YES
ME	A2	15%	13.87%	28,000,000	NO	YES
MyState	A2	15%	5.20%	10,500,000	NO	YES
Auswide	A2	15%	6.44%	13,000,000	NO	YES
<b>Total</b>			<b>100.00%</b>	<b>201,881,887</b>		

### Portfolio Credit Limits

A summary of investments placed by credit limit is as follows:

S&P Short Term Rating	Maximum %	Actual %	Invested \$	Policy Compliance
A1+	100%	46.26%	93,379,981	YES
A1	80%	2.97%	6,000,000	YES
A2	60%	50.77%	102,501,906	YES
A3	20%	0.00%	0	YES
Govt	25%	0.00%	0	YES
<b>Total</b>		<b>100.00%</b>	<b>201,881,887</b>	

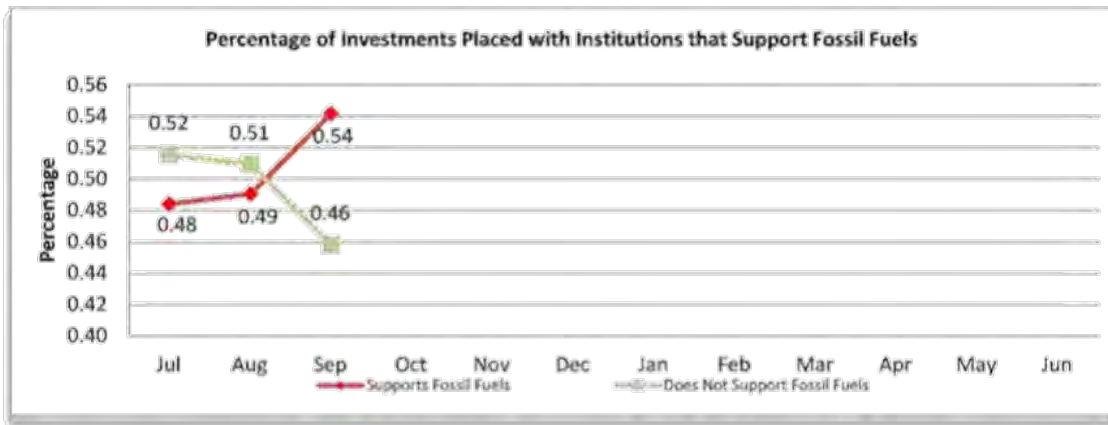


## Wingecarribee Shire Council Investment Report Summary For the period ending 30 September 2021

### Non-Fossil Fuel Investment Preferecing

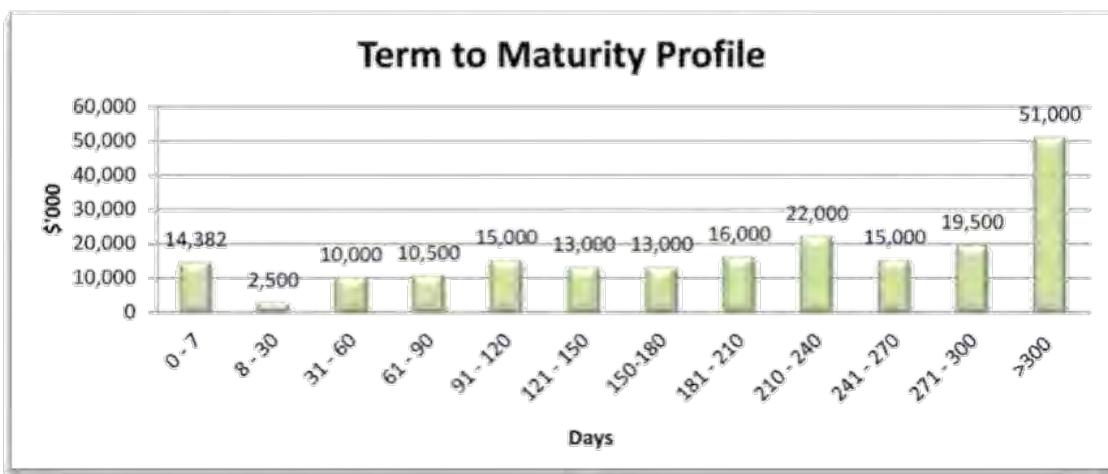
Council's adopted Investment Policy states a preference for placing funds with institutions that do not support the fossil fuel industry. The chart below identifies Council's percentage of investments placed with institutions that do not support the fossil fuel industry.

As investments mature Council will actively seek investments with institutions that do not support the fossil fuel industry, on the basis that they offer equivalent returns and are compliant with legislation and the objectives and parameters of the Investment Policy.



### Term to Maturity

Investments have been placed giving due consideration to Council's liquidity requirements. Sufficient Working Capital is available to ensure Council continues to meet its ongoing cash flow requirements for operational and capital expenditure.



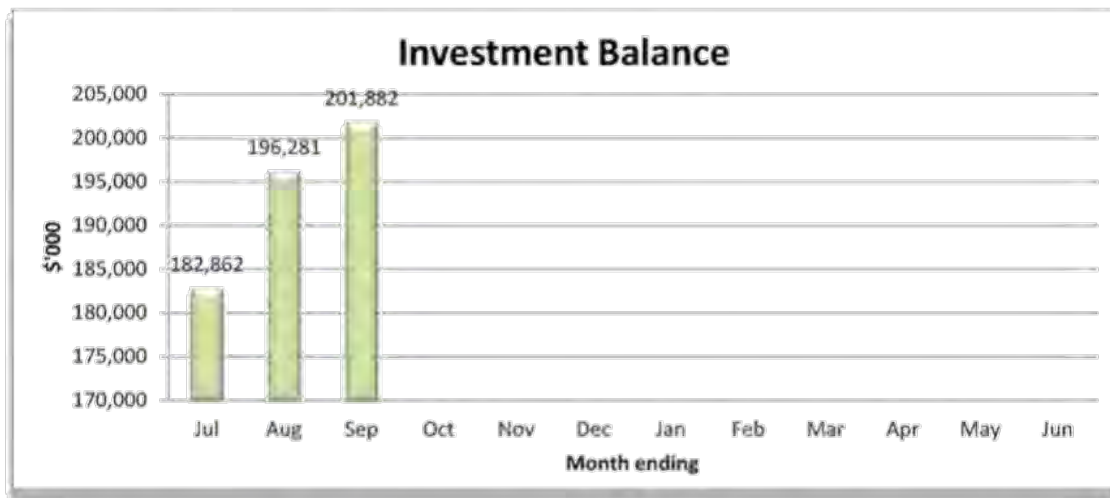


## Wingecarribee Shire Council Investment Report Summary

For the period ending 30 September 2021

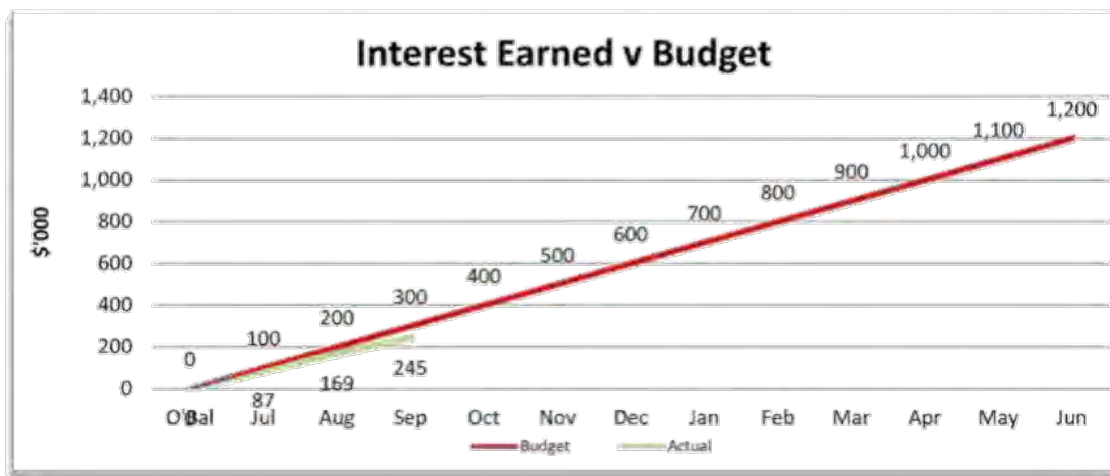
### Portfolio Performance

Council's investment balance at the end of September 2021 was \$201.882 million. This has increased by \$5.601 million since the end of August 2021. This increase was primarily due to the 1<sup>st</sup> water accounts for 2021-22 being payable in September 2021.



### Interest Revenue

Due to decreasing interest rates being offered by financial institutions in this protracted low interest rate environment, Council's rate of return on investments is diminishing. Council continues to seek the best available returns while managing the investment portfolio in accordance with Council's investment policy.





## Wingecarribee Shire Council Investment Report Summary

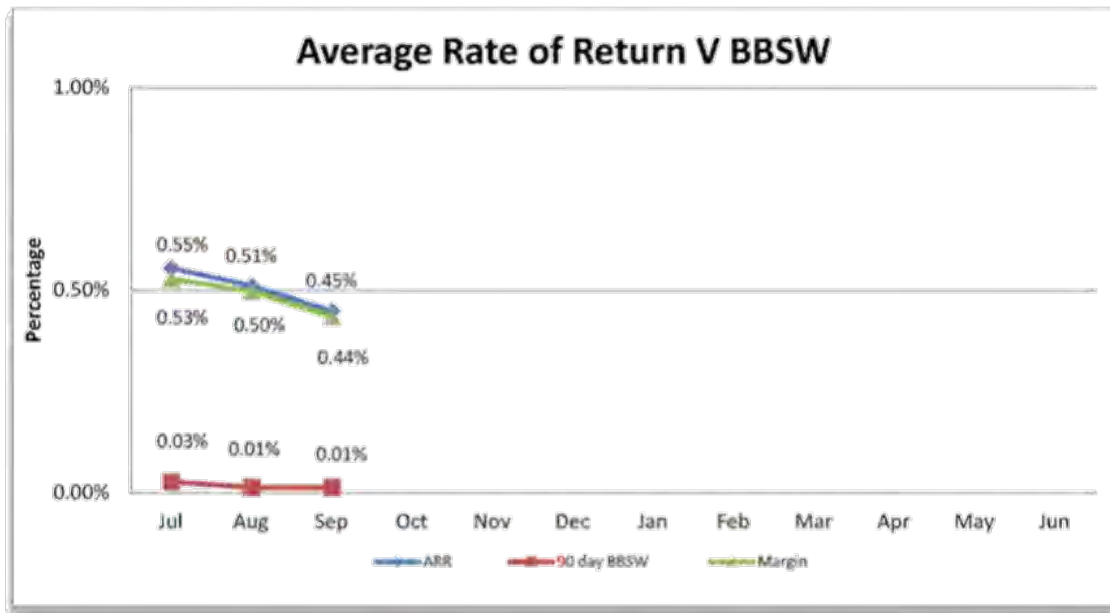
For the period ending 30 September 2021

### Performance against Benchmark

Council's investment portfolio is benchmarked against the 90 day Bank Bill Swap Rate (BBSW).

The average rate of return (ARR) achieved for September 2021 was 0.45% which is 0.06% lower than August 2021. The BBSW remained steady at 0.01%.

The margin above BBSW was 0.44% for September 2021 which shows Council continues to secure favourable interest rates on term deposits.



## 9.3 Investment Report - October 2021

**Report Author:** Accounting Officer (Banking and Investments)  
**Authoriser:** Acting Chief Financial Officer

### PURPOSE

The purpose of this report is to present Council's Investment Portfolio held at 31 October 2021.

### RECOMMENDATION

**THAT** the information on Council's Investments as at 31 October 2021 be received and noted.

### REPORT

In accordance with section 212 of the *Local Government (General) Regulation 2005*, the Responsible Accounting Officer must provide Council with a written report setting out details of all money that Council has invested under section 625 of the *Local Government Act 1993*.

This report provides details of Council's Investment Portfolio as at 31 October 2021.

**Attachment 1** to this report provides Council's Investment Portfolio, detailing investments held and a summary of the portfolio by the institution invested with and their credit rating.

In accordance with section 212(1)(b) of the *Local Government (General) Regulation 2005*, the investments listed in **Attachment 1** have been made in accordance with:

- The *Local Government Act 1993*
- The *Local Government (General) Regulation 2005*,
- The Ministerial Investment Order 2011, and
- Council's Investment Policy.

Interest earned from investments totalled \$317,130.67 for four (4) months to 31 October 2021. Interest earned is under budget by \$82,869.33 to 31 October with interest rates dropping below 0.50% on term deposits with a maturity of less than 12 months. The interest is attributable to each fund as listed in the table below.

Fund	YTD budget	YTD actual	Variance
General fund	156,000.00	122,277.85	(33,722.15)
Water Fund	136,000.00	104,869.57	(31,130.43)
Sewer Fund	108,000.00	89,983.25	(18,016.75)
<b>Total</b>	<b>400,000.00</b>	<b>317,130.67</b>	<b>(82,869.33)</b>

### ATTACHMENTS

1. Investment Report Summary as at 31 October 2021



## Wingecarribee Shire Council Investment Report Summary For the period ending 31 October 2021

### List of Investments

Council's investment portfolio as at 31 October 2021 consists of the following investments:

INVESTMENT PORTFOLIO AS AT 31 October 2021						
Institution	Type	Amount	Interest Rate	Investment Term - Days	Maturity Date	% Investment Portfolio
AMP	Term Deposit	2,500,000	0.75%	943	2/11/2021	1.27%
AMP	Term Deposit	2,500,000	0.75%	932	12/11/2021	1.27%
Auswide	Term Deposit	6,000,000	0.50%	280	26/11/2021	2.54%
BOQ	Term Deposit	5,000,000	0.40%	189	3/12/2021	2.54%
AMP	Term Deposit	2,500,000	0.75%	366	15/12/2021	1.27%
NAB	Term Deposit	3,000,000	0.40%	150	21/12/2021	1.52%
Auswide	Term Deposit	5,000,000	0.50%	364	7/01/2022	2.54%
CBA	Term Deposit	5,000,000	0.34%	240	21/01/2022	2.54%
ME	Term Deposit	5,000,000	0.46%	320	26/01/2022	2.54%
CBA	Term Deposit	4,000,000	0.34%	167	4/02/2022	2.03%
CBA	Term Deposit	2,000,000	0.40%	330	11/02/2022	1.02%
CBA	Term Deposit	2,000,000	0.41%	364	18/02/2022	1.02%
CBA	Term Deposit	5,000,000	0.42%	386	23/02/2022	2.54%
ME	Term Deposit	4,000,000	0.45%	330	3/03/2022	2.03%
ME	Term Deposit	3,000,000	0.45%	366	19/03/2022	1.52%
BOQ	Term Deposit	5,000,000	0.33%	210	25/03/2022	2.54%
Macquarie	Term Deposit	1,000,000	0.40%	210	25/03/2022	0.51%
CBA	Term Deposit	3,000,000	0.43%	366	31/03/2022	1.52%
ME	Term Deposit	2,000,000	0.45%	366	31/03/2022	1.02%
CBA	Term Deposit	5,000,000	0.38%	304	7/04/2022	2.54%
Macquarie	Term Deposit	1,000,000	0.40%	360	14/04/2022	0.51%
BOQ	Term Deposit	5,000,000	0.40%	271	26/04/2022	2.54%
ME	Term Deposit	3,000,000	0.45%	345	29/04/2022	1.52%
ME	Term Deposit	4,000,000	0.50%	360	5/05/2022	2.03%
CBA	Term Deposit	5,000,000	0.43%	330	11/05/2022	2.54%
BDCU	Term Deposit	5,000,000	0.50%	364	25/05/2022	2.54%
BDCU	Term Deposit	5,000,000	0.50%	364	27/05/2022	2.54%
ME	Term Deposit	2,000,000	0.41%	278	6/06/2022	1.02%
CBA	Term Deposit	3,000,000	0.38%	303	15/06/2022	1.52%
CBA	Term Deposit	10,000,000	0.42%	366	23/06/2022	5.08%
Macquarie	Term Deposit	1,000,000	0.40%	302	29/06/2022	0.51%
CBA	Term Deposit	10,000,000	0.43%	364	1/07/2022	5.08%
Macquarie	Term Deposit	1,000,000	0.40%	320	1/07/2022	0.51%
ME	Term Deposit	5,000,000	0.50%	366	12/07/2022	2.54%
MyState	Term Deposit	2,500,000	0.40%	293	20/07/2022	1.27%
NAB	Term Deposit	5,000,000	0.37%	386	29/07/2022	2.54%
BOQ	Term Deposit	3,000,000	0.40%	364	5/08/2022	1.52%
Macquarie	Term Deposit	1,000,000	0.40%	364	5/08/2022	0.51%
MyState	Term Deposit	5,000,000	0.45%	302	19/08/2022	2.54%
CBA	Term Deposit	5,000,000	0.41%	366	29/08/2022	2.54%
BOQ	Term Deposit	5,000,000	0.48%	364	26/09/2022	2.54%
CBA	Term Deposit	2,000,000	0.38%	364	20/09/2022	1.02%
Macquarie	Term Deposit	1,000,000	0.40%	366	18/09/2022	0.51%
NAB	Term Deposit	3,000,000	0.36%	366	21/09/2022	1.52%
CBA	Term Deposit	5,000,000	0.38%	366	27/09/2022	2.54%
MyState	Term Deposit	3,000,000	0.45%	366	28/09/2022	1.52%
AMP	Term Deposit	2,500,000	0.80%	366	19/10/2022	1.27%
NAB	Term Deposit	5,000,000	0.60%	720	25/08/2023	2.54%
NAB	Term Deposit	5,000,000	0.60%	731	29/09/2023	2.54%
NAB	Call Account	3,482,500	0.00%	NA	NA	1.77%
BDCU	Call Account	8,002,844	0.15%	NA	NA	3.05%
<b>Total Investments</b>		<b>\$196,985,344</b>				<b>100.00%</b>

Institution Legend		
AMP - AMP Limited	CBA - Commonwealth Bank of Australia	MyState - MyState Bank
ANZ - Australia & New Zealand Banking Group	CIA - Credit Union Australia	NAB - National Australia Bank
Auswide - Auswide Bank	IMB - IMB Bank	Newcastle - Newcastle Permanent Building Society
BOQ - Bank of Queensland	ING - ING Direct	St George - St George Bank
BDCU - BDCU Alliance Bank	Macquarie - Macquarie Bank Limited	WBC - Westpac Banking Corporation
Bendigo - Bendigo & Adelaide Bank	ME - Members Equity Bank	Rural - Rural Bank





## Wingecarribee Shire Council Investment Report Summary

For the period ending 31 October 2021

### Policy Compliance

Council's Investment Policy provides clear direction for the diversification of Council's investment portfolio. This ensures credit and diversification risk is managed in accordance with the adopted risk management framework, as outlined in Council's Policy.

### Individual Institution Limits

A summary of investments placed by institution is as follows:

Institution	S&P Short Term Rating	Maximum %	Actual %	Invested \$	Supports Fossil Fuels	Policy Compliance
NAB	A1+	40%	13.44%	26,482,500	YES	YES
CBA	A1+	40%	34.01%	67,000,000	YES	YES
Macquarie	A1	25%	3.05%	6,000,000	YES	YES
AMP	A2	15%	5.08%	10,000,000	YES	YES
BOQ	A2	15%	11.68%	23,000,000	NO	YES
BDCU	A2	15%	8.12%	16,002,844	NO	YES
ME	A2	15%	14.21%	28,000,000	NO	YES
MyState	A2	15%	5.33%	10,500,000	NO	YES
Auswide	A2	15%	5.08%	10,000,000	NO	YES
<b>Total</b>			<b>100.00%</b>	<b>196,985,344</b>		

### Portfolio Credit Limits

A summary of investments placed by credit limit is as follows:

S&P Short Term Rating	Maximum %	Actual %	Invested \$	Policy Compliance
A1+	100%	47.45%	93,482,500	YES
A1	80%	3.05%	6,000,000	YES
A2	60%	49.50%	97,502,844	YES
A3	20%	0.00%	0	YES
Govt	25%	0.00%	0	YES
<b>Total</b>		<b>100.00%</b>	<b>196,985,344</b>	

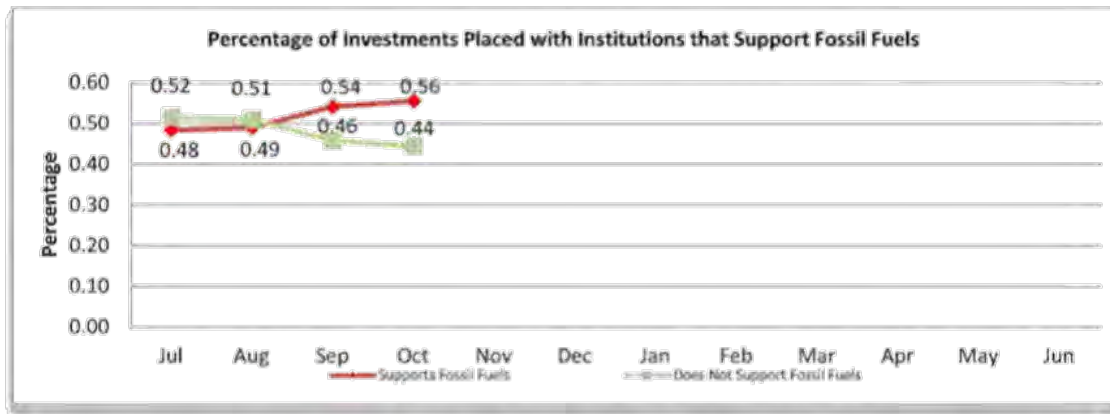


## Wingecarribee Shire Council Investment Report Summary For the period ending 31 October 2021

### Non-Fossil Fuel Investment Preferecing

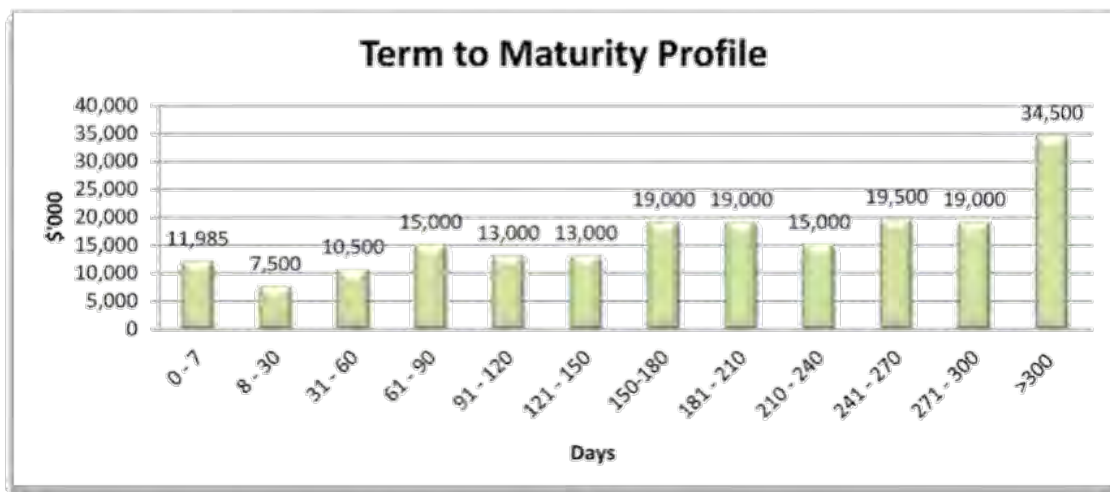
Council's adopted Investment Policy states a preference for placing funds with institutions that do not support the fossil fuel industry. The chart below identifies Council's percentage of investments placed with institutions that do not support the fossil fuel industry.

As investments mature Council will actively seek investments with institutions that do not support the fossil fuel industry, on the basis that they offer equivalent returns and are compliant with legislation and the objectives and parameters of the Investment Policy.



### Term to Maturity

Investments have been placed giving due consideration to Council's liquidity requirements. Sufficient Working Capital is available to ensure Council continues to meet its ongoing cash flow requirements for operational and capital expenditure.





## Wingecarribee Shire Council Investment Report Summary For the period ending 31 October 2021

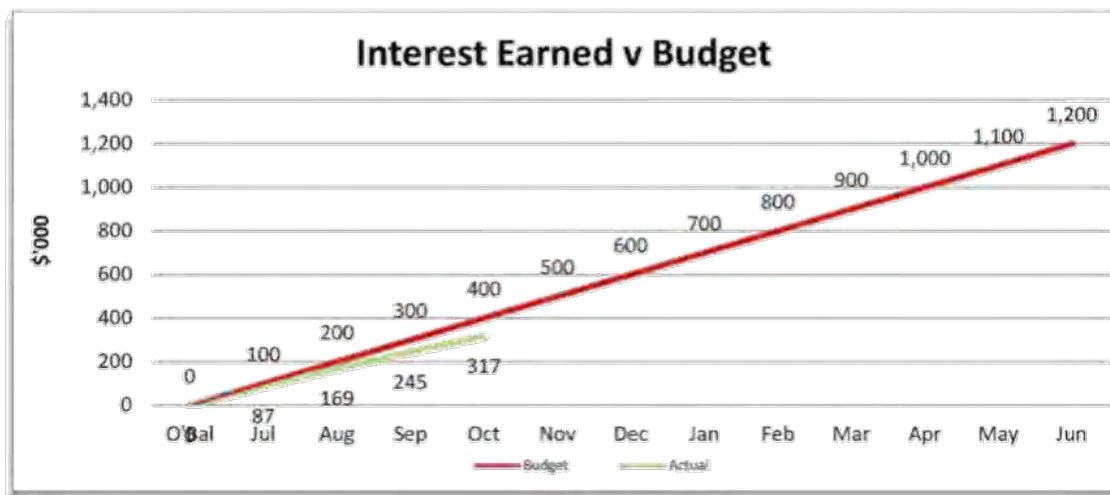
### Portfolio Performance

Council's investment balance at the end of October 2021 was \$196.985 million. This has decreased by \$4.897 million since the end of September 2021. The decrease in investments is a result of operational and capital expenditure payments during October and the absence of rates and water instalments during the month.



### Interest Revenue

Due to decreasing interest rates being offered by financial institutions in this protracted low interest rate environment, Council's rate of return on investments is diminishing. Council continues to seek the best available returns while managing the investment portfolio in accordance with Council's investment policy.





## Wingecarribee Shire Council Investment Report Summary

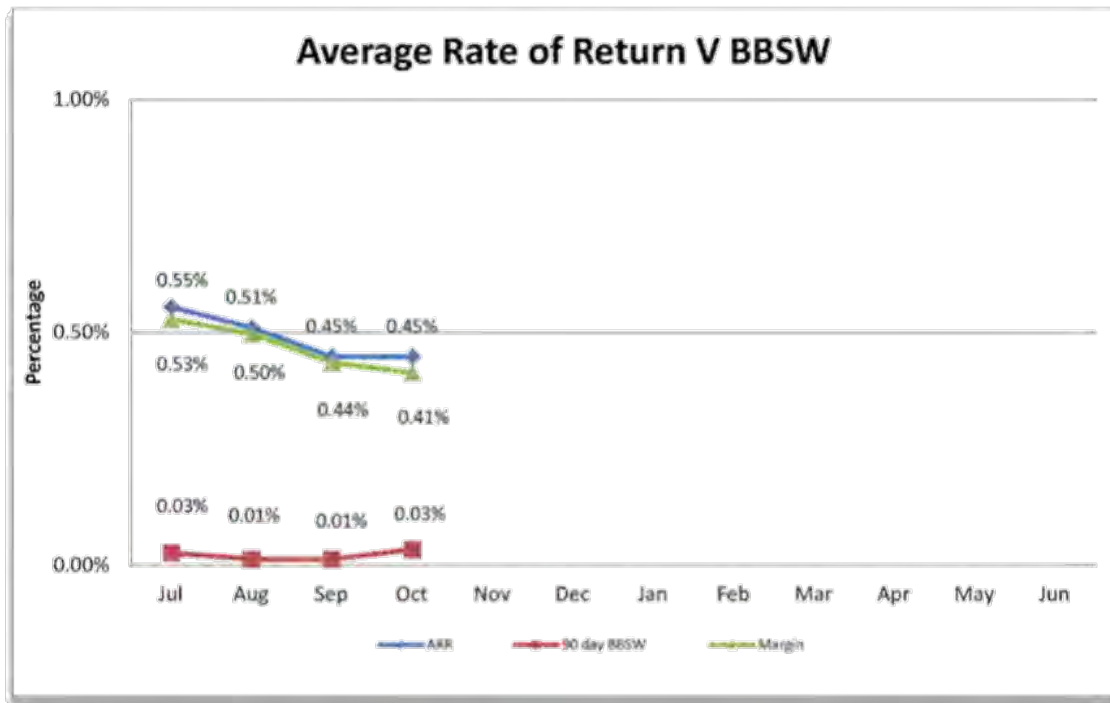
For the period ending 31 October 2021

### Performance against Benchmark

Council's investment portfolio is benchmarked against the 90 day Bank Bill Swap Rate (BBSW).

The average rate of return (ARR) achieved for October 2021 was 0.45% which is the same as September 2021. The BBSW increased to 0.03%.

The margin above BBSW was 0.41% for October 2021 which shows Council continues to secure favourable interest rates on term deposits.



## 9.4 Rates, Water and Sewer Charges Subsidy

**Report Author:** Coordinator Revenue Team  
**Authoriser:** Acting Chief Financial Officer

### **PURPOSE**

The purpose of this report is to seek approval for 2021/22 rate, water and sewer access subsidies for community and sporting organisations (including religious bodies).

### **RECOMMENDATION**

**THAT** Council approve the rate, water and sewer subsidies for community and sporting organisations (including religious bodies) as shown in Attachment 1 for the 2021/22 financial year.

### **REPORT**

#### **BACKGROUND**

The purpose of the Rate, Water and Sewer Access Subsidy Policy is to provide a clear and transparent framework for Council to determine rate, water and sewer access subsidies for community and sporting organisations (including religious bodies) that operate and are located within the Wingecarribee Shire.

Council adopted the revised Rate, Water and Sewerage Access Subsidy Policy for Community and Sporting Organisations (including Religious Bodies) at its meeting 19 October 2016.

In adopting the revised Policy, Council approved changes to the Policy which incorporated descriptions for those services and/or facilities which are considered the responsibility of Council. These included the following;

- Community halls and civic meeting places
- Sportsgrounds, including amenities
- Showgrounds and other recreational areas, such as racecourses.

This report presents the recommended subsidies to be approved for the 2021/22 financial year, in accordance with the criteria set out in Council's adopted Policy.

#### **REPORT**

Applications were sought from community and sporting organisations for the 2021/22 financial year in July 2021. Council staff have assessed these applications based on the criteria outlined in Council's adopted Policy.

#### **Rate Subsidies**

Applications seeking a rate subsidy have been assessed based on the following criteria:

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021

### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



Category A – Organisations are entitled to a 100% rate subsidy. (Excluding waste services). To be eligible for a Category A rate subsidy, organisations had to meet the following criteria:

- Provides a service which is of broad benefit to the residents of Wingecarribee Shire.
- In providing this service the organisation relieves Council of the need to provide that service.
- The service is managed by a local organisation such as a community group or not-for profit organisation and does not have a commercial purpose.

Category B – Organisations are entitled to a 50% rate subsidy, up to a maximum of \$500. (Excluding waste services). To be eligible for a Category B rate subsidy, organisations had to meet the following criteria:

- Provides a service which is of broad benefit to the residents of Wingecarribee Shire.
- In providing this service the organisation provides a service which complements, but which is not the direct responsibility of Council.
- The service is managed by a local organisation such as a community group or not-for profit organisation and does not have a commercial purpose.

#### Water and Sewerage Access Charge Subsidies

Applications seeking a water and sewerage access charge subsidy have been assessed based on the following criteria:

Category A – Community and Sporting Organisations are entitled to a 50% subsidy if they are connected to Council's water and sewerage supply. However, organisations that are not connected to Council's water and sewerage supply are entitled to a 100% subsidy. To be eligible for a Category A water and sewerage access charge subsidy, organisations had to meet the following criteria:

- Provides a service which is of broad benefit to the residents of Wingecarribee Shire.
- In providing this service the organisation relieves Council of the need to provide that service.

The service is managed by a local organisation such as a community group or not-for profit organisation and does not have a commercial purpose.

Category B – Community and Sporting Organisations are entitled to a 50% subsidy, up to a maximum of \$500 in total. To be eligible for a Category B water and sewerage access charge subsidy, such organisations had to meet the following criteria:

- Provides a service which is of broad benefit to the residents of Wingecarribee Shire.
- In providing this service the organisation provides a service which compliments, but which is not the direct responsibility of Council.
- The service is managed by a local organisation such as a community group or not-for profit organisation and does not have a commercial purpose.

#### Religious Bodies – Water and Sewerage Access Charge Subsidy

Religious bodies are entitled to a 50% subsidy, up to a maximum of \$500 provided they are connected to Council's water and sewerage supply. For religious bodies to be eligible for a water and sewerage access charge subsidy, the following criteria had to be met:

- The religious body is regulated by Acts of Parliament.

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021

### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



- The land is used as a place of public worship which does not exclude non-members from its services.
- The property does not have a commercial purpose.

#### **Summary of Applications)**

From 56 subsidy applications sent in May 2021, Council received 54 for the 2021/22 financial year. The two applications for subsidy not returned were followed up with a letter sent in July 2021. Council staff have assessed the returned subsidy applications and a summary of staff recommendations is provided in the table below:

No. Applications Sought	No. Applications not Received	No Applications recommended for approval	Number Applications recommended for decline	Total Cost of Recommended Subsidies
56	2	54	0	\$75,905.54

A list of the applications received, including the subsidy sought and staff recommendations are shown in **Attachment 1**.

## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Nil.

### **Internal Communication and Consultation**

Nil.

### **External Communication and Consultation**

A copy of the adopted policy was included with the application form to Community & Sporting Organisations (including Religious Bodies).

## **SUSTAINABILITY ASSESSMENT**

### **• Environment**

There are no environmental issues in relation to this report.

### **• Social**

Council supports local committees and other not-for-profit organisations which continue to provide voluntary assistance in maintaining facilities and/or provide services which are available to the public. If these subsidies are not provided to these groups, they may no longer be able to afford the services they currently offer throughout the shire.

### **• Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

It is essential for good governance to ensure there is transparency in decisions and clear and effective administration in the granting of subsidies.

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**COUNCIL BUDGET IMPLICATIONS**

Council has an adequate budget allocation in the 2021/22 budget for rate, water and sewerage access subsidies.

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**RELATED COUNCIL POLICY**

Rate, Water and Sewerage Access Subsidies - Community & Sporting Organisations (including Religious Bodies).

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**CONCLUSION**

It is recommended that Council approve the Rate, Water and Sewerage Access Subsidies for Community & Sporting Organisations (including Religious Bodies) for the 2021/22 financial year. Upon approval, Council will write to each of the community & sporting organisations (including Religious Bodies) advising them of the outcome and subsidy provided for the 2021/22 financial year.

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**ATTACHMENTS**

1. Rate, Water & Sewer Access Subsidy Applications and Recommendations



9.4 Rates, Water and Sewer Charges Subsidy

ATTACHMENT 1 Rate, Water & Sewer Access Subsidy Applications and Recommendations



Applications recommended to receive a Category A Subsidy									
Property No.	Property Owners	Property Address	2020/21 Subsidy Received		2021/22 Rates and Charges		Recommended Subsidy		
			Rates	Water/Sewer Access	Rates	Water/Sewer Access	Rates	Water/Sewer Access	Total
769400	CROWN	ROBERTSON SHOWGROUND 2315 KANGALOO ROAD ROBERTSON NSW 2577	N/A	SUBSIDY A	N/A	\$3,770.45	NA	\$1,885.23	\$1,885.23
775100	BONG BONG PICNIC RACE CLUB LTD	460 KANGALOO ROAD BOWRAL NSW 2576	SUBSIDY A	SUBSIDY A	\$14,250.17	\$584.00	\$14,250.17	\$292.00	\$14,542.17
777200	KANGALOO HALL INCORPORATED	1536 KANGALOO ROAD KANGALOO NSW 2576	SUBSIDY A	N/A	\$1,538.25	N/A	\$1,538.25	N/A	\$1,538.25
821400	GLENQUARRY PEACE MEMORIAL HALL	94 TOURIST ROAD GLENQUARRY NSW 2576	SUBSIDY A	N/A	\$1,851.85	N/A	\$1,851.85	N/A	\$1,851.85
1146300	MOSS VALE & DISTRICT BASKETBALL ASSOCIATION INC.	15 PARKES ROAD MOSS VALE NSW 2577	SUBSIDY A	SUBSIDY A	\$4,763.84	\$1,427.15	\$4,763.84	\$713.58	\$5,477.42
1319000	AVOCA COMMUNITY ADVANCEMENT CO-OP SOCIETY	AVOCA HALL 963 SHEEPWASH ROAD AVOCA NSW 2577	SUBSIDY A	N/A	\$3,500.10	N/A	\$3,500.10	N/A	\$3,500.10
1769500	BURRAWANG SCHOOL OF ARTS	SCHOOL OF ARTS 33-35 HODDLE STREET BURRAWANG NSW 2577	SUBSIDY A	SUBSIDY A	\$5,894.32	\$419.75	\$5,894.32	\$209.88	\$6,104.20
1825750	COLO VALE COMMUNITY ASSOCIATION INCORPORATED	26-28 RAILWAY AVENUE COLO VALE NSW 2575	SUBSIDY A	SUBSIDY A	\$3,602.16	\$916.15	\$3,602.16	\$458.08	\$4,060.24
1785160	MOSS VALE A H & I SOCIETY	MOSS VALE SHOWGROUND 20 ROBERTSON ROAD MOSS VALE NSW 2577	SUBSIDY A	SUBSIDY A	\$13,333.27	\$6,007.90	\$13,333.27	\$3,003.95	\$16,337.22
<b>Totals</b>					<b>\$48,733.96</b>	<b>\$13,125.40</b>	<b>\$48,733.96</b>	<b>\$6,562.70</b>	<b>\$55,296.66</b>

9.4 Rates, Water and Sewer Charges Subsidy

ATTACHMENT 1 Rate, Water & Sewer Access Subsidy Applications and Recommendations



Applications recommended to receive a Category B Subsidy									
Property No	Property Owners	Property Address	2020/21 Subsidy Received		2021/22 Rates and Charges		Recommended Subsidy		
			Rates	Water/Sewer Access	Rates	Water/Sewer Access	Rates	Water/Sewer Access	Total
42100	DEPARTMENT OF CORRECTIVE SERVICES	MUSEUM ARGYLE STREET BERRIMA NSW 2577	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
60300	TRUSTEES OF THE SOCIETY OF ST VINCENT DE PAUL	CHARITY 502A ARGYLE STREET MOSS VALE NSW 2577	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
235900	ST VINCENT DE PAUL SOCIETY	CHARITY 22 BOWRAL ROAD MITTAGONG NSW 2575	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
550900	SCOUT ASSOC OF AUSTRALIA	SCOUT CAMP FOUNTAIN STREET BERRIMA NSW 2577	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
866700	SCOUT ASSOC OF AUSTRALIA	SCOUT HALL 7 LOUISA STREET MITTAGONG NSW 2575	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1119100	GIRL GUIDES ASSOC OF NSW	CHARITY 116-126 OXLEY DRIVE MITTAGONG NSW 2575	N/A	SUBSIDY B	N/A	\$164.25	N/A	\$82.13	\$82.13
1205100	DADIRRI INCORPORATED	PUBLIC BENEVOLENT 31 BRAESIDE DRIVE BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$1,073.10	N/A	\$500.00	\$500.00
1222600	COUNTRY WOMENS ASSOCIATION OF NSW	CWA ROOMS 45 RAILWAY AVENUE BUNDANOON NSW 2578	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1314700	DADIRRI INCORPORATED	PUBLIC BENEVOLENT 38 SHEAFFE STREET BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$1,073.10	N/A	\$500.00	\$500.00
1332600	THE SCOUT ASSOCIATION OF AUSTRALIA NEW SOUTH WALES BRANCH	SCOUT HALL 2-8 SHERWOOD AVENUE BOWRAL NSW 2576	SUBSIDY B	SUBSIDY B	\$4,925.35	\$916.15	\$500.00	\$458.08	\$958.08
1333600	BOWRAL AND DISTRICT ART SOCIETY INCORPORATED	1 SHORT STREET BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08

9.4 Rates, Water and Sewer Charges Subsidy

ATTACHMENT 1 Rate, Water & Sewer Access Subsidy Applications and Recommendations



Applications recommended to receive a Category B Subsidy									
Property No	Property Owners	Property Address	2020/21 Subsidy Received		2021/22 Rates and Charges		Recommended Subsidy		
			Rates	Water/Sewer Access	Rates	Water/Sewer Access	Rates	Water/Sewer Access	Total
1469200	ROBERTSON SCHOOL OF ARTS INCORPORATED	SCHOOL OF ARTS 55-57 ILLAWARRA HIGHWAY ROBERTSON NSW 2577	SUBSIDY B	SUBSIDY B	\$2,709.29	\$916.15	\$500.00	\$458.08	\$958.08
1490400	NSW LAND & HOUSING CORPORATION - ABN 24 960 729 253	25 THOMPSON STREET BOWRAL NSW 2576	SUBSIDY B	SUBSIDY B	\$2,654.10	\$916.15	\$500.00	\$458.08	\$958.08
1533000	LEGACY NSW ASSOCIATED CLUBS	32-34 VALETTA STREET MOSS VALE NSW 2577	N/A	SUBSIDY B	N/A	\$2,343.30	N/A	\$500.00	\$500.00
1599000	NATIONAL TRUST OF AUSTRALIA	HARPERS MANSION - NATIONAL TRUST 9 WILKINSON STREET BERRIMA NSW 2577	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1628900	FRIENDS OF HILLTOP WAR MEMORIALS INC	OLD HILL TOP HALL 104-106 WILSON DRIVE HILL TOP NSW 2575	SUBSIDY B	SUBSIDY B	\$1,618.44	\$1,427.15	\$500.00	\$500.00	\$1,000.00
1641600	COUNTRY WOMEN'S ASSOC (BOWRAL)	CWA ROOMS 40 WINGECARRIBEE STREET BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1700637	BOY SCOUTS ASSOCIATION OF NSW	SCOUT HALL 7-9 PHILLIP STREET BUNDANOON NSW 2578	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1707048	DADIRRI INCORPORATED	PUBLIC BENEVOLENT 4 JONATHAN STREET BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$1,073.10	N/A	\$500.00	\$500.00
1728280	STATE RAIL AUTHORITY	SRA LEASE SOUTHERN HIGHLANDS MODEL RAILWAYS INC ERITH STREET BUNDANOON NSW 2578	SUBSIDY B	SUBSIDY B	\$1,224.81	\$1,073.10	\$500.00	\$500.00	\$1,000.00
1751940	DADIRRI INC	1 WOODSIDE DRIVE MOSS VALE NSW 2577	N/A	SUBSIDY B	N/A	\$1,073.10	N/A	\$500.00	\$500.00
1766980	GIRL GUIDES ASSOC OF NSW	CHARITY 44 BOOLWEY STREET BOWRAL NSW 2576	N/A	SUBSIDY B	N/A	\$916.15	N/A	\$458.08	\$458.08
1825660	BERRIMA DISTRICT AERO CLUB(Own)	PART AIRSTRIP - MITTAGONG AIRPORT OLD SOUTH ROAD MITTAGONG NSW 2575	SUBSIDY B	N/A	\$1,230.15	N/A	\$500.00	N/A	\$500.00
<b>Totals</b>					<b>\$14,362.14</b>	<b>\$22,126.30</b>	<b>\$3,000.00</b>	<b>\$9,995.18</b>	<b>\$12,995.18</b>

9.4 Rates, Water and Sewer Charges Subsidy

ATTACHMENT 1 Rate, Water & Sewer Access Subsidy Applications and Recommendations



Applications recommended to receive a 50% subsidy as a Religious Body up to a maximum of \$500									
Property No	Property Owners	Property Address	2020/21 Subsidy Received		2021/22 Rates and Charges		Recommended Subsidy		
			Rates	Water/Sewer Access	Rates	Water/Sewer Access	Rates	Water/Sewer Access	Total
20100	PRESBYTERIAN CHURCH TRUSTEES	CHURCH 1 ALICE STREET MITTAGONG NSW 2575	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
1819860	THE UNITING CHURCH PROPERTY TRUST	CHURCH 566 ARGYLE STREET MOSS VALE NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
70600	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	CHRIST CHURCH B/BONG 2 CHURCH ROAD MOSS VALE NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13
161900	TRUSTEES OF THE ROMAN CATHOLIC CHURCH FOR THE DIOCESE OF WOLLONGONG	CHURCH 3401 OLD HUME HIGHWAY BERRIMA NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
231700	FIRST CHURCH OF CHRIST SCIENTIST BOWRAL	RELIGIOUS SERVICES 57 BENDOODLEY STREET BOWRAL NSW 2576	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
270402	PRESBYTERIAN CHURCH PROP TRUST	CHURCH 7 BROWLEY STREET MOSS VALE NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
296000	ROMAN CATHOLIC CHURCH TRUSTEES	CATHOLIC CHURCH 45 CHURCH STREET BURRAWANG NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13
352900	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	ST PAULS CHURCH 47 CHURCH AVENUE COLO VALE NSW 2575	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13
358900	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	CHURCH & RECTORY 15-17 CHURCH STREET BUNDANDON NSW 2578	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
361400	THE UNITING CHURCH IN AUSTRALIA PROPERTY TRUST (NSW)	CHURCH 2-4 CHURCH STREET BUNDANOON NSW 2578	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08
625800	ROMAN CATHOLIC CHURCH TRUSTEES	CHURCH 12-16 MILL STREET BUNDANOON NSW 2578	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08

9.4 Rates, Water and Sewer Charges Subsidy

ATTACHMENT 1 Rate, Water & Sewer Access Subsidy Applications and Recommendations



Applications recommended to receive a 50% subsidy as a Religious Body up to a maximum of \$500										
Property No	Property Owners	Property Address	2020/21 Subsidy Received		2021/22 Rates and Charges		Recommended Subsidy			
			Rates	Water/Sewer Access	Rates	Water/Sewer Access	Rates	Water/Sewer Access	Total	
698500	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	106 MAIN STREET MITTAGONG NSW 2575	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08	
033300	BAPTIST UNION OF NSW	13 MERRIGANG STREET, BOWRAL NSW 2576	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$2,343.30	N/A	\$500.00	\$500.00	
1266900	HIGHLANDS CHRISTIAN MINISTRIES INC	CHURCH-PRESCHOOL 37 REGENT STREET MITTAGONG NSW 2575	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$1,427.15	N/A	\$500.00	\$500.00	
1449000	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	ANGLICAN CHURCH & CEMETERY 4 DITTON LANE SUTTON FOREST NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13	
1479900	ROMAN CATHOLIC CHURCH TRUSTEES	ST PATRICKS CHURCH 7461 ILLAWARRA HIGHWAY SUTTON FOREST NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13	
1641200	CHURCH OF CHRIST BOWRAL TRUSTEES	CHURCH 56 WINGECARRIBEE STREET BOWRAL NSW 2576	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08	
1641500	PRESBYTERIAN CHURCH TRUSTEES	CHURCH 12 BENDGOOLEY STREET BOWRAL NSW 2576	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$916.15	N/A	\$458.08	\$458.08	
1702602	UNITING CHURCH PROPERTY COMMITTEE	CHURCH 28-30 BENDGOOLEY STREET BOWRAL NSW 2576	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$1,427.15	N/A	\$500.00	\$500.00	
1705570	C THROSBY(Own) & H BADGERY(Own) & W BOWMAN(Own) & GMC BOWEN(Own) & G VIDAL(Own)	ALL SAINTS CHURCH, HALL & CEMETARY 7320 ILLAWARRA HIGHWAY SUTTON FOREST NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13	
1777820	ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY	CHURCH & RESIDENCE EXETER ROAD EXETER NSW 2579	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$164.25	N/A	\$82.13	\$82.13	
1781500	ROMAN CATHOLIC CHURCH TRUSTEES	CATHOLIC CHURCH GARRETT STREET MOSS VALE NSW 2577	N/A	SUBSIDY RELIGIOUS BODY	N/A	\$1,073.10	N/A	\$500.00	\$500.00	
<b>Totals</b>						<b>\$0.00</b>	<b>\$17,498.10</b>	<b>\$0.00</b>	<b>\$7,613.70</b>	<b>\$7,613.70</b>
<b>Grand Total</b>						<b>\$63,096.10</b>	<b>\$52,749.80</b>	<b>\$51,733.96</b>	<b>\$24,171.58</b>	<b>\$75,905.54</b>

## 9.5 IPART - Rate Peg Methodology to Include Population Growth

**Report Author:** Coordinator Revenue Team  
**Authoriser:** Acting Chief Financial Officer

### **PURPOSE**

To inform Council of the result of the review by Independent Pricing and Regulatory Tribunal (IPART) of the local government rate peg methodology to include population growth and to explain the effect on Council's Rates income.

### **RECOMMENDATION**

**THAT Council be informed and be aware of the new rate peg methodology and its potential impact on Council's rates income.**

### **REPORT**

#### **BACKGROUND**

The Independent Pricing and Regulatory Tribunal (IPART) has completed its review of the NSW local government rate peg methodology to include population growth.

#### **REPORT**

On 10 September 2021, IPART provided the final report on this review to the Minister for Local Government, the Hon. Shelley Hancock MP and publicly released. The Minister has endorsed the new rate peg methodology and has asked IPART to give effect to it in setting the rate peg from the 2022/23 financial year.

Councils with growing residential populations will be able to raise notional general income by an additional population factor as part of the rate peg from 2022/23. The population factor for each council will reflect estimated residential population growth less revenue received from supplementary valuations that year. IPART has estimated that the recommended methodology, if applied over the past four years, would have increased total general income for the local government sector by 1.5% or \$287 million.

The basic principle of the new methodology is that the current rate peg does not consider increases in population in a local government area. For example, a council may approve the development of land to create new residential lots and council is subsequently rewarded with an increase in its general income of a small percentage above the rate peg for that increase in rateable land value. However, the increase in general income is not enough to accommodate the resultant additional load on council's infrastructure by the increased population.

Therefore, IPART's new methodology will include the percentage increases in population and allow for the rate peg to be increased where the percentage increase in population is greater than the percentage increase in supplementary rate valuations.

Population factor

Each year, Council will have a population factor equal to the annual change in its residential population, adjusted for revenue received from supplementary valuations.

The formula for calculating the population factor is:

$$\text{Population factor} = \max (0, \text{change in population}^1 - \text{supplementary valuations percentage})$$

$$^1\text{Change in population} = \max (0, (\text{Estimated Residential Population 2020} / \text{Estimated Population 2019}) - 1).$$

This formula will be used to calculate the population factor for the 2022/23 Rates Year.

The reason the years 2019 And 2020 are used is that 2019 and 2020 population data is the latest estimated population data available from the Australian Bureau of Statistics. Each year IPART will update the formula to include the latest data.

Supplementary valuations percentage

IPART will publish the supplementary valuations percentage for each council on its website. The formula for calculating the supplementary valuations percentage is:

$$\text{Supplementary valuation percentage} = \max (0, (\text{supplementary valuations} / \text{notional general income yield})).$$

Rate Peg

To arrive at the percentage figure that can be added to the rate peg, the formula is:

$$\text{Rate peg} = \text{change in LGCI} - \text{productivity factor} + \text{other adjustments} + \text{population factor}.$$

LGCI is the Local Government Cost Index currently used to represent the changes in cost of Council's goods and services or our industry inflation rate. Other adjustments are not defined.

A negative population factor means that Council has already received an increase above the rate peg via the increase in rateable properties. While a positive population factor means that there has been an increase in population which is greater than the increase in rateable properties.

Population growth over the past three years compared to the value of supplementary rates growth is represented below.

<b>Table 1</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>
Change in population	1.39%	1.51%	1.38%
Supplementary Valuation Percentage	1.13%	1.19%	0.70%
Population Factor	0.26%	0.32%	0.68%
Rate Peg	2.00%	2.60%	2.70%
Notional general income percentage increase would (could) have been using the new formula	2.26%	2.92%	3.38%

The table above shows the shortfall between the rates growth currently being applied (supplementary valuation growth) and the proposed population growth figure that is understood to be applied to the Rate Peg under the new formula.

Effectively for Wingecarribee Shire Council, this should result in the increase allowed in notional general income to be equal to the Population Factor, as the already applied Supplementary Valuation Percentage would presumably always be lower than the Population Factor. Albeit with the lag in application of the population growth, there may be some anomalies in some periods.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Nil.

### **Internal Communication and Consultation**

Executive.

### **External Communication and Consultation**

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

The impact of the changes to the rate peg methodology is likely to increase Council's notional general income as supplementary valuations have historically been lower than the population growth from 2022/23.

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## **RELATED COUNCIL POLICY**

Revenue Policy.



## **AGENDA FOR THE ORDINARY MEETING OF COUNCIL**

Wednesday 10 November 2021

### **REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING**



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#### **CONCLUSION**

Minister Shelley Hancock MP states in her letter to Council dated 5 October 2021 “It is vital that local communities in areas experiencing population growth across the State receive adequate infrastructure and services. With that in mind, the Government committed to allowing councils to align their income with population growth and asked IPART to review the methodology used to determine the rate peg to enable the Government to deliver that outcome.”

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#### **ATTACHMENTS**

There are no attachments to this report.

## 9.6 2020/21 Annual Financial Statements

**Report Author:** Acting Chief Financial Officer  
**Authoriser:** General Manager

### **PURPOSE**

To change the date for when Council's audited Annual Financial Statements, together with the auditor's reports, be presented to the public from 8 December 2021 to 24 November 2021.

### **RECOMMENDATION**

**THAT** the motion passed by Council on 13 October 2021, being item number 9.1, point 3, MN 276/21, be altered to:

- 2 a) Council fix the date of 24 November 2021 for the audited Annual Financial Statements, together with the auditor's reports, to be presented to the public in accordance with Section 418(1)(a) and 1(b) of the Local Government Act 1993.

### **REPORT**

#### **BACKGROUND**

In accordance with Section 418(1)(a) of the *Local Government Act 1993*, Council must fix a date for the meeting at which it proposes to present its audited Annual Financial Statements, together with the auditor's reports, to the public.

In accordance with Section 418(1)(b) of the *Local Government Act 1993*, Council must give public notice of the date so fixed.

At its meeting of 13 October 2021, Council resolved inter alia (MN 276/21):

*THAT Council fix the date of 8 December 2021 for the audited Annual Financial Statements, together with the auditor's reports, to be presented to the public in accordance with Section 418(1)(a) and 1(b) of the Local Government Act 1993.*

#### **REPORT**

The Audit Office of NSW have completed their audit and the Annual Financial Statements are finalised. The Audit Office of NSW presented their Engagement Closing Report to the Audit, Risk, and Improvement Committee on 27 October 2021.

An Extraordinary Meeting of Council has been scheduled for 24 November 2021 and this report seeks Council approval to change the date for when Council's audited Annual Financial Statements, together with the auditor's reports, be presented to the public from 8 December 2021 to 24 November 2021.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Public notice of the auditor's presentation will be advertised in the Southern Highland News and on Council's website.

In accordance with Section 420(1) of the *Local Government Act 1993*, any person may make submissions to Council with respect to the Annual Financial Statements or with respect to the auditor's reports. Submissions must be lodged within 7 days after the date on which the Annual Financial Statements are presented to the public.

### **Internal Communication and Consultation**

The Executive

Audit, Risk & Improvement Advisory Committee

### **External Communication and Consultation**

The Office of Local Government

Audit Office of NSW

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

This report ensures compliance with Section 413, Section 418(1)(a) and Section 418(1)(b) of the *Local Government Act 1993*.

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## **COUNCIL BUDGET IMPLICATIONS**

Nil.

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## **RELATED COUNCIL POLICY**

Nil.

**AGENDA FOR THE ORDINARY MEETING OF COUNCIL**

Wednesday 10 November 2021

**REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING**



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**CONCLUSION**

The audited Annual Financial Statements for the year ended 30 June 2021 will be presented to the public at the Extraordinary Meeting of Council on 24 November 2021.

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**ATTACHMENTS**

There are no attachments to this report.

## **9.7 Berrima District Historical & Family History Society Inc - Further Revised Lease Space and Update in relation to Refurbishment of Mittagong Memorial Hall**

**Report Author:** Coordinator Property Services  
**Authoriser:** Director, Corporate Strategy and Resourcing

### **PURPOSE**

The purpose of this report is to provide Council with a further update in relation to the refurbishment of the Mittagong Playhouse and the revised lease space for Berrima District Historical & Family Society Inc ("The Historical Society") for the occupation of part of the Council owned property known as the Mittagong Memorial Hall located at 114-116 Main Street, Mittagong.

### **RECOMMENDATION**

#### **THAT**

- 1. Council endorse the negotiated lease space for Berrima District Historical and Family Society Inc as outlined in Attachment 1 to this report.**
- 2. Authority be delegated to the General Manager to negotiate the terms and conditions of a Licence Agreement for use of the ground floor meeting room at 114-116 Main Street, Mittagong by Berrima District Historical and Family Society Inc.**
- 3. The Interim Administrator/Mayor and General Manger be delegated authority to execute on behalf of Council documentation associated with the licence agreement.**
- 4. Council note the current status of the Mittagong Memorial Hall project and acknowledge the positive stakeholder negotiation outcomes.**
- 5. Council continue to seek funding opportunities for the refurbishment of the Mittagong Memorial Hall and obtain support from the Local Member.**

### **REPORT**

#### **BACKGROUND**

Council is the registered owner of the whole of the land comprised in Lot 1 Section 5 Deposited Plan 1289 being the Memorial Hall (also known as the old Council Chambers and Mittagong Playhouse) located at 114-116 Main Street, Mittagong. The subject Council property is classified as Operational land.

The property is occupied in part by the Historical Society (registered lease) and in part by various local theatre groups and production companies within the Highlands (via a booking system).

The Historical Society has had tenure within the building for in excess of 20 years and is a not-for-profit organisation that uses part of the Memorial Hall for the purpose of archiving, storage, display and administration matters relating to the activities and operations of the organisation.

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



Due to a serious structural fault on the western side of the building, the Memorial Hall/Playhouse was closed in late 2019.

The closure has disenfranchised a number of local production companies that regularly hire the theatre for performances. This has had a negative impact on the production companies, both financially and artistically. Further, the offering of performing arts has greatly diminished for audiences in the Southern Highlands.

The Mittagong Memorial Hall is a heritage listed building which has high social and architectural significance. It is of great importance that the building be restored with as little delay as possible to allow theatre productions to once again take place.

The project to restore the Mittagong Memorial Hall's structural integrity includes design and construction works required to make safe, meet compliance and renew the facility for future generations.

## REPORT

### Progress with refurbishment

The progress in relation to the refurbishment of the Mittagong Memorial Hall (Playhouse) was reported to Council on 21 July 2021. At that time Council resolved (MN 211/21):

*THAT Council notes the information contained within this report including the current status of the Mittagong Memorial Hall (Playhouse).*

Since the identified structural failure in December 2019, a large amount of progress has been made. To maintain the building's structural integrity, temporary supports have been installed and the Playhouse portion of the building has been stripped to expose and allow detailed investigations to take place.

To progress the repairs and refurbishment, Council has engaged the services of structural engineers and an architectural firm for professional advice.

To reach final agreement on the floorplan layout, significant consultation has been undertaken. Major challenges throughout the floorplan development stage have included compliance issues, gaining functional spaces and satisfying operational requirements, all within the existing constraints of the building.

Council has now been able to finalise the building concept design and obtain full support of the design from stakeholder user groups and the building lessee (the Historical Society). **Attachment 1** to this report is the finalised Ground Floor Plan. **Attachment 2** to this report is the finalised Level One Plan.

It is important to preserve the heritage features and that any new construction work compliments the existing character of the building. This has been achieved in the building concept design.

As a result of the extensive consultation that has been undertaken with the impacted users of the building, the project critical path has been impacted. Accordingly, the overall project timeline has been delayed however Council believes the positive outcome achieved for the users of the building outweighs the delays.

It is also to be noted that there will be a significant funding shortfall for the refurbishment project and that Council is actively seeking funding opportunities and will also be seeking the support of the Local Member – Mr Nathaniel Smith MP.

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



Moving forward with Council's engaged specialised consultants NBR Architecture, the objective is to have a completed construction tender package and associated approvals in early 2022 with the construction contract awarded to the preferred tenderer as soon as possible thereafter.

#### Lease

On 28 July 2021 Council resolved (MN 217/21):

#### THAT:

1. *The General Manager be delegated authority to negotiate with Berrima District Historical & Family History Society Inc for a revised leased space within Memorial Hall, 114-116 Main Street Mittagong for a maximum twenty one (21) years, on the same terms and conditions to the current agreement, but varying the space occupied.*
2. *Council give public notice of its intention to enter into a twenty one (21) year Lease for the revised leased area referred to in Resolution 1 above.*
3. *If there are no objections received by Council during the period of public notice, the General Manager and Mayor/Interim Administrator be delegated authority to execute the revised twenty one (21) year Lease referred to in Resolution 1 above and to affix the Common Seal of the Council to the Lease and any supporting documents.*
4. *If there are any objections received by Council during the period of public notice a further report will be forwarded to a future Ordinary Meeting of Council.*

Following the above resolution, further changes have been negotiated with the Historical Society in relation to the leased space to be occupied. These negotiations have been undertaken to achieve the best resolution for allocation of space for all users of the building. Attachment 2 to this report (Level One Plan) shows the space that will be occupied by the Historical Society in light purple (tenancy).

As part of the negotiations in relation to their leased space, the Historical Society have requested that their lease include access to the foyer/meeting room on the ground level on the fourth Thursday or every month between 1pm and 5pm ongoing for the duration of the lease agreement. This coincides with their current operations.

As the downstairs foyer/meeting room is not part of the leased space, this cannot be included in the lease which will only cover the level one leased area.

Accordingly, a separate licence agreement will need to be entered into between Council and the Historic Society for use of the ground floor meeting room. This licence agreement would not give exclusive use of the meeting room to the Historic Society but would ensure availability for the specified time.

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## COMMUNICATION AND CONSULTATION

### Community Engagement

Council will give public notice of its intention to enter into a new lease of the revised space, such notice to be advertised for a minimum 28 days.

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**Internal Communication and Consultation**

Project Delivery

Property

**External Communication and Consultation**

Berrima District Historical & Family History Society Inc

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**SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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**COUNCIL BUDGET IMPLICATIONS**

There are no direct budget implications for Council in relation to this report. Costs associated with registering the proposed new lease will be funded through existing program budget allocations.

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**RELATED COUNCIL POLICY**

Lease or Licence of Council Property – Not for Profit Organisations.

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**CONCLUSION**

This report is submitted to provide an update in relation to refurbishment of the Mittagong Playhouse and the further negotiations undertaken in relation to the leased space to be occupied by Berrima District Historical & Family Society Inc for the occupation of part 114-116 Main Street, Mittagong.

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**ATTACHMENTS**

1. Attachment 1 - Ground Floor Plan
2. Attachment 2 - Level One Plan

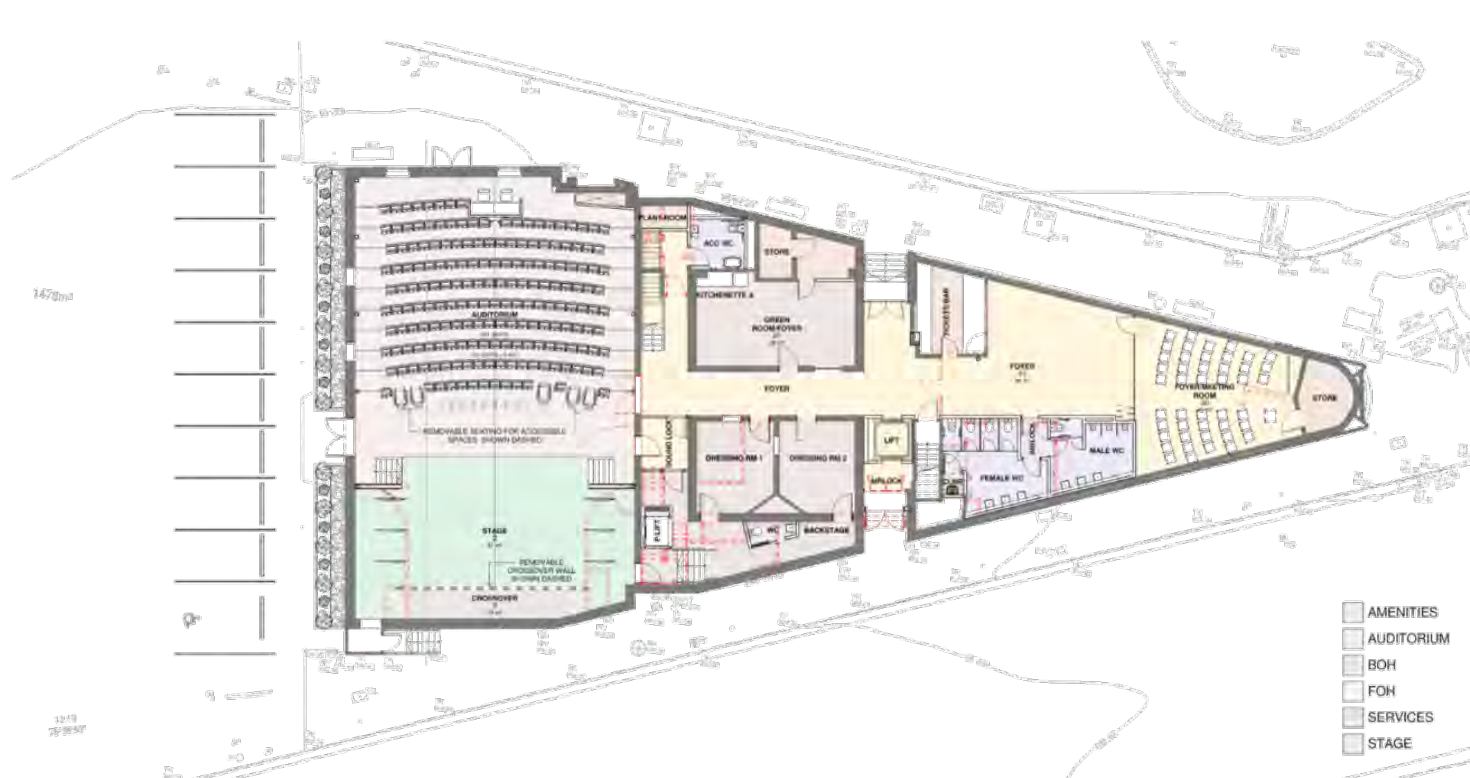


9.7 Berrima District Historical & Family History Society Inc - Further Revised Lease Space and Update in relation to Refurbishment of Mittagong Memorial Hall

ATTACHMENT 1 Attachment 1 - Ground Floor Plan



NBR ARCHITECTURE.



**PRELIMINARY**

**THEATRE CONSULTANT**  
 Schuler Stock Theatre Planners  
 Richard Stock  
 Level 1/111 (East Side)  
 Macquarie Street  
 Sydney NSW 2000  
 02 9550 1234  
 www.schulerstock.com.au

**BCA & ACCESS CONSULTANT**  
 MRC Group  
 244 (West)  
 Suite 1/128 Sydney Road, Manly NSW 2095  
 02 9550 2222  
 www.mrcgroup.com.au

**ACOUSTIC ENGINEERING**  
 Acoustic Studio  
 27/28 (West) Ave, Wollumbong NSW 2448  
 02 9550 2222  
 www.acousticstudio.com.au

**STRUCTURE**  
 JM Engineering Consultants  
 2nd Floor  
 115 (West) St, Mittagong NSW 2535  
 02 4428 2872  
 www.jmce.com.au

Issue	No.	Date	Description	Drawn
1	20.06.2021	20.06.2021	STAMP-CALCULATED DIMENSIONS	NC
2	20.10.2021	20.10.2021	Revised General Layout	NC
3	20.10.2021	20.10.2021	APPROVED CONCEPT DESIGN	NC

**1** GROUND FLOOR LEVEL Option B  
 1:1100

Architect  
**NBR ARCHITECTURE.**  
 Sydney  
 8/12 (West) 25th Ave, Wollumbong NSW 2448  
 Any form of reproduction of this drawing or drawing is prohibited without the written permission of NBR ARCHITECTURE Pty Ltd or its licensee or assignee at the time of copying.

Project  
 Mittagong Playhouse

at  
 1/115 (West) Main St, Mittagong NSW 2535

for  
 Wingecarribee Shire Council

Drawing Title  
 Ground Floor Plan

Date 26/10/2021 11:27:43 AM  
 Scale 1:100 @ A1

Drawing Reference 20318-NBRS-General-DR-A-001B  
 Revision 3

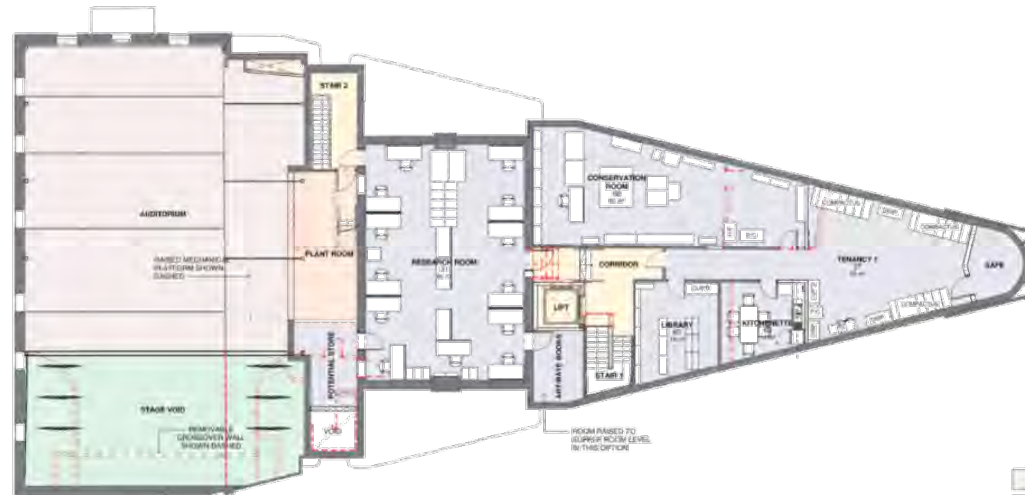
9.7 Berrima District Historical & Family History Society Inc - Further Revised Lease Space and Update in relation to Refurbishment of Mittagong Memorial Hall

ATTACHMENT 2 Attachment 2 - Level One Plan



NBR ARCHITECTURE.

**PRELIMINARY**



1 LEVEL 1 Option B  
1:100

**THEATRE CONSULTANT**  
Schuler Stock Theatre Planners  
Richard Stock  
Level 1, 711 (East) Road  
Mittagong NSW 2570  
02 4625 5555  
info@schulerstock.com.au

**BCA & ACCESS CONSULTANT**  
MEC Group  
Unit 1, 100 Sydney Road, Mudgee NSW 2855  
02 896 2000  
www.mecgroup.com.au

**ACOUSTIC ENGINEERING**  
Acoustic Studio  
177-179 St Johns Ave, Mudgee NSW 2855  
02 896 1422  
www.acousticstudio.com.au

**STRUCTURE**  
JM Engineering Consultants  
100-102 St John  
170-172 Macleay St, Mittagong NSW 2570  
02 462 6077  
jmg@jmec.com.au

No.	Date	Description	Drawn
1	20/10/2021	STAMP-COLOR (COMMENTS)	NO
2	18/10/2021	Revised General Layout	MC
3	08/10/2021	APPROVED CONCEPT DESIGN	NO

- AUDITORIUM
- FOH
- SERVICES
- STAGE
- TENANCY

Architect  
**NBR ARCHITECTURE.**  
Sydney  
11/12 BRIDGE ROAD  
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NBR Architecture Pty Ltd  
ABN 12 627 120 000  
11/12 BRIDGE ROAD SYDNEY NSW 2000  
Phone: 02 9550 2444  
Fax: 02 9550 2444  
www.nbrarchitecture.com.au

Project  
Mittagong Playhouse

#  
11/12 BRIDGE ROAD SYDNEY NSW 2000  
For  
Wingecarribee Shire Council

Drawing Title  
Level 1 Plan

Date: 20/10/2021 12:26:03 PM  
Scale: 1:100 @ A1

Drawing Reference	Revision
20318-NBR-DR-A-002B	3

## **9.8 Tomra Collection Solutions - Request for Use of Council Owned Land as Location of a Return and Earn Kiosk in the Bowral CBD**

**Report Author:** Coordinator Property Services  
**Authoriser:** Director, Corporate Strategy and Resourcing

### **PURPOSE**

The purpose of this report is to provide an update following public exhibition in response to a request made by Tomra Collection Solutions Australia to identify a Council owned location within the Bowral CBD to accommodate a Earn and Return Kiosk.

### **RECOMMENDATION**

#### **THAT:**

- 1. Council decline the request for placement of an Earn and Return Kiosk at the Bowral Pool Carpark.**
- 2. Council continue to work with Tomra Solutions with a view to identifying a suitable location for the proposed Earn and Return Kiosk within the Bowral CBD.**

### **REPORT**

#### **BACKGROUND**

Council has been approached by Tomra Collection Solutions Australia ("Tomra") to identify a Council owned location with the Bowral CBD to accommodate a Return and Earn Kiosk.

There is currently a Return and Earn Kiosk located at the Highlands Hub at 205 Hume Highway, Mittagong and Tomra are looking to establish a location in Bowral.

Requirements for a space for a Return and Earn Kiosk were outlined as:

- Visible location close to Bowral CBD
- Space to accommodate a vending machine 7.5m (l) x 5m (w) x 2.4 m (h)
- Location preferably within a carpark
- Nearby availability of power to run the kiosk

Tomra own the technology behind the Return and Earn scheme and provide all equipment data and reporting for operation. Tomra conduct all pre works and negotiations including site engineering and installations prior to the handover to the Tomra Cleanway (JV) for ongoing management.

Tomra initially made a request for placement of the kiosk on operational land owned by Council on the ground level carpark at Woolworths Bowral. That location was found to be unsuitable due to loss of carspaces. The location was also deemed unsuitable for required truck access.

Given the complexities of parking issues within the Bowral CBD, Tomra then requested that Council consider establishment of a kiosk in a location such as a sports ground or community centre location.

### **REPORT**

Several sites were identified by Council officers and a report presented to executive. The sites, including their constraints, are outlined below:

- **41-67 Station Street Bowral**

This site is operational land with power available nearby. This site is no longer a viable option following the recent resolution for Council to undertake drainage works in the area. Following completion of drainage works it is also anticipated that carparking will be formalised on site within the next year or two.

- **Loseby Park, 1A Ascot Road, Bowral**

This is community land governed by a Plan of Management. Assets provided the following feedback in relation to this land:

*We previously had a request for the same at Eridge Park which was not approved. To be consistent, we should not be approving this either. It is inconsistent with the categorisation in the Plan of Management and I don't believe it is appropriate at a public open space area designated for recreation.*

- **Bowral Pool Carpark, 142 Mittagong Road, Bowral**

This is community land. The initial identified area is used once every month by the blood donation trailer. Further, this area is opposite a war memorial and the start of Cherry Tree Walk, one of the premier walking tracks of the Shire and would be visually unappealing.

- **Centennial Park, 17 Centennial Road Bowral**

This area is community land being the Off Leash Dog Park. Assets have requested that the Earn and Return Kiosk not be located at a park or sportsground as this proposed use is inconsistent with categorisation of that community land. Further, the area identified is not in a visual area and is very close to residential properties.

- **Oxley Mall Carpark**

This site adjoins the carpark and would not result in the loss of carparking.

Tomra would need to assess the site's suitability for truck collection access and source of electricity connection. The site is currently under licence agreement with ANZ Bank. That licence has now expired (on 6 October 2021).

- Station Street carpark (train station)

This area forms part of the Railway Station carpark (the section owned by Council). It is highly likely that there would be significant public concern at the loss of carparking spaces if this option was to proceed. This area of the carpark is generally used during the week for long term parking for people who work in the Bowral CBD.

- David Wood Playing Fields

This area forms part of the David Wood Playing Fields. This site adjoins Retford Park housing estate and is used predominantly for soccer games and training. There is also a recently upgraded children's playground located at the site. Council has approved David Wood as the proposed site for the new Southern Highlands Bridge Clubhouse.

This is community land governed by a Plan of Management and the proposed use is inconsistent with the categorisation for the land.

## **COMMUNITY CONSULTATION**

The proposal to place the Earn and Return Kiosk at the site of the Bowral Pool Carpark was placed on public exhibition from Wednesday 8 September 2021 to Friday 8 October 2021 for the purpose of obtaining community feedback. **Attachment 1** to this report is a copy of the public notice that was given including an aerial map of the proposed location (supplied by Tomra as their preferred location within the carpark).

Council also undertook the following:

- Three (3) double sided temporary public notice signs were erected on the site of the proposal, one on the main road, one on Oxley Drive near the entrance to the carpark and one near the entrance to Cherry Tree Walk, which remained in place during the period of public exhibition.
- The proposal was advertised on Council's website and yoursayingecarribee.
- Notification letters were sent to in excess of 300 residents in the vicinity of the proposal.
- Notification was sent to several community groups and organisations including the Vietnam Veterans Federation of Australia Southern Highlands and Friends of Bowral.

Substantial public interest was generated during the period of public consultation with ninety three (93) submissions being received. A summary of the submissions is outlined in **Attachment 2**.

Whilst the community is generally in favour of the proposal for an Earn and Return Kiosk, there is strong community objection to the facility being located at the Bowral Pool Carpark.

Council has identified parcels of privately owned land within the Bowral CBD that may prove suitable for the proposal.

Council officers have approached landowners of the private land holdings on behalf of Tomra to gauge interest in placing the Return and Earn Facility on their land. Council will continue to work closely with Tomra to try to secure a suitable location for the Return and Earn kiosk within the Bowral CBD.

---

## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Public notice of the proposal was given for a period of four (4) weeks.

### **Internal Communication and Consultation**

Executive

Assets

Infrastructure Service

### **External Communication and Consultation**

Neighbour notifications

Friends of Bowral

Vietnam Veterans Federation of Australia Southern Highlands

Tomra Solutions

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021

### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



- **Governance**

There are no governance issues in relation to this report.

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#### **COUNCIL BUDGET IMPLICATIONS**

There are no budget implications in relation to this report.

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#### **RELATED COUNCIL POLICY**

Leases and Licences of Council Property: Commercial Policy

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#### **CONCLUSION**

Council has been unable to identify suitable Council owned land for placement of an Earn and Return Kiosk within the Bowral CBD with strong opposition being received against placement of the facility at Bowral Pool Carpark. Council will continue to work with Tomra with a view to identifying privately owned land that may be suitable for the proposed venture.

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#### **ATTACHMENTS**

1. Attachment 1 - public notice
2. Attachment 2 - submissions



# Proposed Return and Earn Reverse Vending Machine

Council has received a proposal from TOMRA Cleanaway for the installation of a Reverse Vending Machine (RVM) at the above Council property.

The NSW State Government has introduced a container deposit scheme to reduce littering across NSW. People can return eligible drink containers and earn 10 cents per container at qualified collection points.

The RVM kiosk has four (4) reverse vending machines. Two (2) for glass and two (2) for lightweight materials. The dimensions of the RVM kiosk is 7m (long) x 5m (wide) x 2.4m (high).

## Frequently asked questions

### Cleaning of Kiosk Area

TOMRA will clean the kiosk in line with usage, with a minimum of daily cleaning by specialist contracted cleaners. This includes bin emptying, and removal of loose waste and general kiosk clean-ups. In addition, there will be two 240L bins located at the kiosk for the removal of plastic bags and the like.

### Operational issues

TOMRA will remotely monitor the kiosk and will proactively take action when needed. Filling levels are monitored online, with vehicles deployed to service sites when they are almost full.

### Security and Monitoring

CCTV video surveillance cameras will be installed on site to monitor illegal dumping. As your property is located in the vicinity of the Council property, we are writing to inform you of the proposal and seek your feedback.

Attached are details of the proposal together with an aerial of the Council property indicating the proposed location of the RVM kiosk.

You are invited to provide any comments you have on the above proposal to Council by Friday 8 October 2021. Feedback may be provided by email: [mail@wsc.nsw.gov.au](mailto:mail@wsc.nsw.gov.au) or by writing to Property Services, Wingecarribee Shire Council, PO Box 141, Moss Vale NSW 2577.

Following public exhibition, a report will be presented to a future meeting of Council for decision on the proposal.



## Proposed Footprint



## Proposed Location within Carpark





# Return & Earn Reverse Vending Machine – Bowral Pool Carpark



## Public Exhibitions Feedback Summary Table

### Summary of Submissions against Return & Earn Reverse Vending Machine

#### Reduction in Car Parking

- Parking at the Pool is fully utilised during the summer swimming season Water Polo season, school swimming carnivals and school holidays. The carpark is already very busy and often at capacity during the Summer months.
- The carpark is also utilised all year round for people exercising on the nearby bike track and exercise station.
- The pool carpark is well used, especially during weekends and public holidays. During peak periods there would concerns about parking, dangerous parking to access the machine, large volumes of children walking in the car park.
- This is the only carpark available along the Cherry Tree Walk. Many individuals and crowded tour buses park here to use Cherry Tree Walk at all times of year.
- The closure of Mittagong Pool means an increase in residential attraction and therefore increasing congestion.
- Parking is also utilised for the Blood Bank trailer. When the Red Cross is parked in its location it places additional pressure on the existing spaces. In this instance, it is a community service and a valuable one.
- A reduction in parking spaces will lead to vehicles spilling out onto Oxley Drive, where parking is already limited, which will be further inconvenience for residents closer to the pool and an increased pedestrian hazard.

#### Danger to visitors

- May create increased danger to visitors of the pool, especially young children, due to increased traffic movements.
- On leaving the pool most visitors are generally barefooted – regardless of how well the area is cleaned, shards of glass will remain.
- Allowing trucks that empty the kiosks into a shared place with relative limits introduces unnecessary OH&S hazards. Believes will cause unacceptable safety risk to children and other pedestrians. Reversing trucks and children are not a good combination.
- The intersection of Oxley Drive and Mittagong Road is very dangerous and difficult to turn in and out of.

#### Damage to Carpark

**9.8 Tomra Collection Solutions - Request for Use of Council Owned  
Land as Location of a Return and Earn Kiosk in the Bowral CBD**

**ATTACHMENT 2 Attachment 2 - submissions**



- The road pavement and structure in the carpark where the RVM is proposed was never designed to carry the weight of the large trucks that are used to service these machines. The proposal will result in premature failure of road pavement assets and constant state of damage to the carpark.
- The concrete drains, kerbs and driveways will be damaged by the significant increase in truck loading and trip frequency.
- The trucks that service these facilities have a track record of damaging public infrastructure.
- Trees will need to be removed or will be damaged to make room for the kiosk.

**Disturbance to leisure-based activities:**

- The carpark is a popular gathering for walking, swimming and cycling groups and is particularly valuable for visitors wanting to enjoy the Cherry Tree walk.

**Increased Traffic Movements**

- As the carpark services, the pool there are many young children accessing this area. Increased traffic volume equates to greater danger.
- The turning circle in this carpark is very tight and would not allow safe access for trucks.
- Cars weaving in and out to try and get to the closest position near the machine, which can create traffic jams and at times, 'road rage'.
- Installing this facility in Bowral adds even more congestion problems in Bowral.

**Aesthetical look/Visual Pollution**

- Would be an eyesore – situated in the beautifully landscaped forecourt to the pool – will be visible from the road, being the main entrance to Bowral.
- Will damage holistic nature and attractiveness of the spot particularly for walkers, runners and visitors to the Vietnam War Memorial.
- Physical structure is very industrial, ugly and is unsuited to the gateway of town.
- A reverse vending machine will adversely affect the beauty of this part of our town, particularly the gateway of the town.
- Local Vietnam Veterans and Members of Associations have worked tirelessly on developing the memorial precinct for the last 25 years. With community support, they have transformed Mittagong Rivulet from an environmental disaster into the unique area that the community enjoys today.
- Piles of rubbish will be unsightly and result in visitors having a negative opinion of Bowral at a



time when the Southern Highlands need tourists.

#### **Noise Pollution**

- The noise created by customers using the machine, at any time of the day or night, can't be controlled, will affect nearby residents.
- Noise and disruption for people and wildlife enjoying the park, memorial, pool and walk.
- This is a residential area – the Kiosks are noisy and brightly lit. They operate 24/7 with increased traffic and noise.
- Trucks servicing the kiosks will pose an unacceptable level of noise pollution to nearby residents, if emptied after hours.
- The noise pollution from glass bottles being broken 7 days a week.

#### **Residential disturbance:**

- As the facility is operational at all hours there will be noise from smashing glass, vehicles coming and going with headlights flashing day and night. Daily visits from garbage trucks would further add to the noise and disruption. This would be intolerable for residents living adjacent to the carpark.
- Concerns regarding increased variety of cars and lights shining into bedroom windows. Feels that they are already impacted by current activities at the Pool already. Extra surveillance and lighting will be a problem.

#### **Litter & Illegal Dumping of Rubbish**

- Concerned that CCTV video surveillance is being installed, believes this indicates that TOMRA anticipate illegal dumping of rubbish.
- The Kiosks generate a lot of rubbish and dumping. The increase in rubbish at the Highlands Marketplace location, cannot be accommodated by the two bins provided.
- Believes that just because there is CCTV and extra bins does not mean that illegal dumping won't occur. It is also unlikely TOMRA would action a response, given the state of similar RVM sites.
- RVM kiosks are used as rubbish tips
- Previous experience with the RVM operated at Mittagong Marketplace is that the general rubbish is illegally dumped beside it.
- The current monitoring system at the Highlands Marketplace does not work to keep the site safe and clean.



- The proposal contains no details of an intention to capture the litter that these facilities generate. There is no plan for a bin or fencing and barriers for catching litter.
- The Mittagong Rivulet is located to the proposed site and is also located downstream of the proposed site. There is unacceptable risk that litter and pollutants will get into the Rivulet.

**Poor Location:**

- Location isn't a suitable choice at all. This is parkland entrance to the town together with the loss of parking – this is a poor choice for the location. The beauty of Settlers Park must be protected.
- It is proposed to be located close to the Swimming Pool parking area and within an important public park at the beginning of Cherry Tree Walk and Vietnam Memorial – the proposed facilities are normally located in Service Stations and Shopping Centres. The proposed facility will detract from what is part of the main entry into Bowral.
- Not an appropriate site given the proximity of residents and dwellings.
- The proposed use is incompatible with the current zoning of the site (RE1 Public Recreation). The site is located at the gateway to Bowral town centre and has significant recreation, health, historic, environmental and commemorative values. It does not enhance the natural environment for recreational purposes and absolutely does not encourage the enjoyment of land zoned for open space.
- Council advertises the site as a visitor attraction to the Southern Highlands, indeed it has become a local landmark and tourist drawcard.
- To install an unsightly and at times noisy RVM at this location greatly alters the ambience and contemplative tone created for this Memorial area, which is of cultural significance for the town.

**Hygiene Issues**

- How the area will be kept neat and tidy may prove to be problematic.
- Does not believe that TOMRA will clean the kiosk to a satisfactory degree. Given the current condition of equivalent kiosks in Mittagong, it is an assurance based on fiction.
- Vending machine activities will generate litter (clearly evidenced by the same installation at Mittagong) as well as attracting insect pests and rodents to a public health and recreation facility. Concerns have been raised in relation to RVM facilities not being kept clean despite assurances of daily collection and cleaning. They are unsanitary and have rubbish around them all the time.
- Large volume of rubbish generated in the immediate area and the smell of the machine and product is an unfortunate by-product of this type of machine.

**Historical significance**

**9.8 Tomra Collection Solutions - Request for Use of Council Owned Land as Location of a Return and Earn Kiosk in the Bowral CBD****ATTACHMENT 2 Attachment 2 - submissions**

- From 1994, with the formation of the then Bowral Parks and Garden Advisory Committee to present, volunteers and veterans (some who have since passed) have transformed Settlers Park, the Vietnam Veteran Memorial and Cherry Tree Walk from an overgrown eyesore to the unique area the community enjoys today.
- This area is utilised extensively by Vietnam Veterans, not only local and national, but also on occasion from overseas. A place for quiet reflection, respect, beauty and remembrance.
- Veterans will not stand by and see the sacred commemorative purpose of the memorial degraded by inappropriate and incompatible uses. Fifty years ago, veterans faced public apathy and rejection and ongoing conflict with the authorities. They worked hard to build a tribute to their fallen mates. Please allow us to remember them with dignity and respect rather than wind-blown litter.
- The Vietnam War Memorial is a place of contemplation honouring our Vietnam Vets, the Cherry Tree Walk also monumental in honouring our soldiers.
- Each of the 520 cherry trees represents a soldier killed in action in Vietnam to commemorate their supreme sacrifice during their service – the location of a facility just 15m away from the nearest tree is therefore insensitive and disrespectful. Many former Servicemen are Vietnam Veterans and feel offended that Council would even consider such a proposal.
- Disrespectful signal from Council with regard to the returned servicemen and women. Approving the kiosk at this location would suggest absence of awareness around the symbology and impact of decisions with regard to rubbish and pollution and is potentially an offensive gesture by Council.

**Recommendations**

- Feels the most suitable places for these machines are at supermarkets and shopping areas, where the machine can be cleaned, monitored and operated directly.
- Believes it's in the wrong spot. Evaluate Council locations in industrial zones away from pretty parks and the entrance to town.
- Prefer the unit be positioned around the side of the pool – near where the blood bank trailer is parked from time to time.
- More Industrial or Commercial location. Sherwood Village or RRC in Moss Vale.
- Kirkham Road – it's very appropriate in the light industrial area.
- Multiple sites around Coles, Woolworths and Aldi would be more convenient for residents. Placement of Otto bins to cater for rubbish that can't be placed into the machines.
- The correct place for such a machine would be Loseby Park. This has a large carpark, straight off a street for ease of access.

**9.8 Tomra Collection Solutions - Request for Use of Council Owned Land as Location of a Return and Earn Kiosk in the Bowral CBD**  
**ATTACHMENT 2 Attachment 2 - submissions**



- There must be other less public locations with less used parking facilities providing more space for people to park when offloading their bottles and cans.
- An alternative site in Bowral that could be proposed is on the empty land adjacent to Station Street opposite Anytime Fitness. It is a non-residential area and is easily accessed by users and trucks for emptying the kiosk.
- The soon to be constructed carpark along Station Street, near the railway near Bowral Street.
- Bunning's Mittagong
- Sporting facility carpark eg. David Woods Playing Fields
- Discretely at the corner of Kangaloon Road and Old South Road.
- Change the position to an area where kerbing can be removed and install the bins on a now grassed area and just have one parkin spot allocated.
- More Southern parts of the Shire need this more than Bowral. The new site should be at Moss Vale to spread these out.
- Intersection of Yarrawa Street and Dixon Street Moss Vale (located across from the Moss Vale Services Club) that would be more appropriate.

**Other**

- In support of the concept, however not in support of the location.
- Urge's Council to reject the proposal and install anywhere but the Bowral Swimming Pool.
- Has seen the rubbish dumped and the inconvenience of the size of the machines at Mittagong locations. Despite camera's and cleaning, the sites are noisy, scattered with broken glass, discarded rubbish and overflowing wheelie bins. These sites are at least tucked out of the way and screened to some extent by vegetation and walls.
- Reject the Proposal as it will destroy the ambience and experience of relaxation for family activities and exercise.
- Can't believe Council is serious with the TOMRA kiosk proposal – destroying the environment. The Bowral Pool carpark and Cherry Tree Walk will never be the same.
- TOMRA operations are noisy, dirty and a blight on the landscape – nothing short of an industrial location or rear of shops is suitable.
- In support of the proposed RVM at Bowral Pool – however unsure of the location being suggested at the site. Not in support of the location at the front of the pool.
- Believes the proposal to place RVM's at an attractive village gateway shows a complete lack of



**9.8 Tomra Collection Solutions - Request for Use of Council Owned  
Land as Location of a Return and Earn Kiosk in the Bowral CBD  
ATTACHMENT 2 Attachment 2 - submissions**



urban design understanding, sheer arrogance on the part of TOMRA.

- TOMRA is a Norwegian multinational company well versed in negotiating with shopping centres, garages etc.
- Settlers Park is where the impressive Bowral Vietnam War Memorial is located. To clutter such a lovely and revered area with a recycle vending machine would be unconscionable.
- Settlers Park has the potential to become a garden/park setting of considerable aesthetic value and public amenity which would further enhance the gateway to Bowral.
- The trees and the memorial were largely funded through donations from the community and by Veterans from all over Australia and some from overseas. There was strong support from prominent politicians, senior military figures and the public. Any denigration of the site would amount to a betrayal of donor and community trust.
- The vending machine has the potential to become a focal point for disaffected youths which could lead to further vandalism of cherry trees and park facilities.
- The photos do not adequately outline the proposed location of the RVM.
- Doesn't feel there is a need for another processing kiosk as there is already 2 in Mittagong. One of the facilities is only 4km from Bowral Swimming Pool. They are consistently untidy even though there are red bins available.
- Similar facilities located in Mittagong are located adjacent to commercial sites.
- Believes it is an exploitation of our community to allow the company, TOMRA, to move their machines to where they are not wanted.
- The Community has not been consulted. The Proposal has not been well publicised. Believes more effective communication is needed.
- Many of the Vietnam Veterans who have and will continue to visit the Cherry Tree Walk and Memorial suffer mental health issues, as a consequence of their service, to them and their families these visits and the solemnity of the surroundings, helps with the healing process of their mental health and wellbeing.
- The historic nature of Bowral needs to be respected, enhanced and retained as does our cultural landscape which is a catalyst for many tourists visits.
- The use of Community land for this purpose is contrary to the provisions of the Local Government Act s.46 and the Bowral Swimming Centre Plan of Management.
- The proposed use will require a lease or licence by Council for the use of the land. The Local Government Act s.46 limits the granting of the lease or licence on community land subject to a Plan of Management.

9.8 Tomra Collection Solutions - Request for Use of Council Owned Land as Location of a Return and Earn Kiosk in the Bowral CBD  
ATTACHMENT 2 Attachment 2 - submissions



- The notice given by Council is about the structure and use, not the lease or licence to use the land for this purpose.
- Council's announcement has not addressed the Office of Local Government's requirements with respect to consultation and a public hearing.
- Concerns that the company will pay substantial rent for this valuable community space.

**Submissions in objection:** 90

**Summary of Submissions in favour of Return & Earn Reverse Vending Machine**

- Bayside Council – Site at Todd Park, Blakehurst, fine people who leave their rubbish, they have additional cameras and take action against offenders. Not even a piece of paper on the ground.

**Submissions in support:** 1

**Total submissions:** 93

## 9.9 Congewoi Street Robertson (part) - Site of Robertson Rural Fire Station - Proposed Road Closure Post Exhibition Report

Report Author: Coordinator Property Services  
Authoriser: Director, Corporate Strategy and Resourcing

### **PURPOSE**

The purpose of this report is to seek Council approval for the closure of part road reserve at Congewoi Street, Robertson.

### **RECOMMENDATION**

#### **THAT:**

1. Pursuant to Part 4 Division 3 of the *Roads Act 1993*, Council as roads authority, formally approve the closure of the portion of Council public road at Congewoi Street, Robertson **AND THAT** upon closure the newly created lot will be classified as Operational Land pursuant to the Local Government Act, 1993.
2. The Mayor/Interim Administrator and General Manager be delegated authority to execute under the Common Seal of Council all documents associated with the road closure referred to in Resolution 1 above.
3. Authority be delegated to the Mayor/Interim Administrator and General Manager to execute on behalf of Council any other documents associated with the road closure which does not require the affixing of the Common Seal of Council.

### **REPORT**

#### **BACKGROUND**

At its meeting held on 9 June, 2021 Council resolved to endorse an application for the partial road closure of Congewoi Street, Robertson (at the intersection of Wallangunda Street) for the purposes of public exhibition and community consultation.

At its meeting on 9 June 2021 Council resolved as follows (MN 159/21):

#### ***THAT:***

1. Council endorse the application for partial road closure of part Congewoi Street Robertson (at the intersection of Wallangunda Street).
2. Council give a minimum twenty eight (28) days public notice of its intention to close a segment of the Council public road at Congewoi Street, Robertson **AND THAT** if any objections are received, a further report be forwarded to a future Ordinary Meeting of Council for determination.

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



3. *If there are no objections received by Council during the period of public exhibition, that pursuant to Part 4 Division 3 of the Roads Act 1993, Council as roads authority formally approve the closure of the portion of Council Public Road referred to in Resolution 1 above and that upon closure the newly created lot will be classified as Operational Land pursuant to the Local Government Act, 1993.*
4. *The General Manager and Mayor/Interim Administrator be delegated authority to execute under the Common Seal of Council any agreement, plan, real property dealing or any other document in respect of the proposed closure of the portion of Council public road referred to in Resolution 1 above.*
5. *Authority be delegated to the General Manager to execute on behalf of Council any other document associated with the road closure referred to in Resolution 1 above which does not require the affixing of the Common Seal of Council.*

The section of road which is proposed to be closed is the site of the Robertson Rural Fire Service brigade station which was constructed in 2008 within the road reserve.

Council staff identified that the brigade station was constructed on road reserve after inquiries were made by the brigade in relation to the construction of a retaining wall and extension of the carparking area which required Council approval.

In accordance with the resolution of Council, the proposed road closure was placed on public exhibition from 23 June 2021 to 23 July 2021. During the period of public exhibition five (5) submissions were received.

A post exhibition report was presented to the Council meeting of 13 October 2021 at which time it was resolved: (MN 285/21):

*THAT the matter be deferred for an onsite inspection AND THAT a further report be provided to the November Council meeting.*

### **REPORT**

The original area of the proposed closure is identified in **Attachment 1**. This area of closure was determined to allow for future expansion of the brigade station if required.

Following the resolution of Council on 13 October 2021 a meeting was held on site on Wednesday 3 November 2021.

At that meeting concerns were raised in relation to privacy, drainage and loss of access. Following consultation with Assets, the area of the proposed closure has now been reduced. The new area of proposed closure is shown in **Attachment 2** to this report.

The matter is now reported back to Council for decision in relation to the proposed closure.

---

## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Public notice of the proposed closure was advertised for a period of four (4) weeks.

### **Internal Communication and Consultation**

The relevant Council officers have been consulted and provided comment in relation to the closure of the road reserve.

### **External Communication and Consultation**

Adjoining owners.

Statutory agencies.

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

There will be minor budget implications which relate to surveying and registration fees. These expenses will be funded through available budgets for property related matters.

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## **RELATED COUNCIL POLICY**

Permanent Road Closure and Road Lease Policy.

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## **CONCLUSION**

It is recommended that Council resolve to formally approve the road closure pursuant to authority delegated to it under Part 4 Division 3 of the *Roads Act, 1993*.

**AGENDA FOR THE ORDINARY MEETING OF COUNCIL**

Wednesday 10 November 2021

**REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING**



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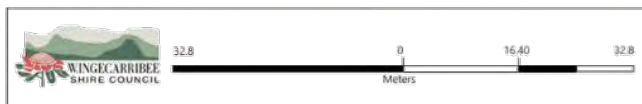
**ATTACHMENTS**

1. Attachment 1 - aerial map - original closure area
2. Attachment 2 - aerial map of updated closure area



9.9 Congewoi Street Robertson (part) - Site of Robertson Rural Fire Station - Proposed Road Closure Post Exhibition Report

ATTACHMENT 1 Attachment 1 - aerial map - original closure area



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9.9 Congewoi Street Robertson (part) - Site of Robertson Rural Fire Station - Proposed Road Closure Post Exhibition Report

ATTACHMENT 2 Attachment 2 - aerial map of updated closure area



Attachment 2

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## 9.10 Old Argyle Road, Penrose (part) - Post Exhibition Report - Proposed Road Closure

Report Author: Coordinator Property Services  
Authoriser: Director, Corporate Strategy and Resourcing

### **PURPOSE**

The purpose of this report is to seek Council approval for the closure of part road reserve at Old Argyle Road, Penrose.

### **RECOMMENDATION**

#### **THAT:**

1. Pursuant to Part 4 Division 3 of the *Road Act 1993*, Council as roads authority, formally approve the closure of the portion of Council public road at Old Argyle Road, Penrose **AND THAT** upon closure the newly created lot will vest in Council and be classified as Community Land pursuant to the *Local Government Act, 1993*.
2. A Plan of Management be prepared for the newly created lot being Community Land, the purpose for which is for fire trail.
3. The Mayor/Interim Administrator and General Manager be delegated authority to execute under the Common Seal of Council any documents associated with the road closure referred to in Resolution 1 above (if required).
4. Authority be delegated to the Mayor/Interim Administrator and General Manager to execute on behalf of Council any other documents associated with the road closure which does not require the affixing of the Common Seal of Council.

### **REPORT**

#### **BACKGROUND**

At its meeting held on 14 July 2021, Council resolved to endorse an application for the partial closure of Old Argyle Road, Penrose for the purposes of public exhibition and community consultation.

At its meeting on 14 July 2021 Council resolved as follows: (MN 193/21)

#### *THAT:*

1. Council endorse the application for closure of part Old Argyle Road, Penrose.
2. Council give a minimum twenty eight (28) days public notice of its intention to close a segment of the Council public road at Old Argyle Road, Penrose **AND THAT** if any objections are received, a further report be forwarded to a future Ordinary Meeting of Council for determination.
3. If there are no objections received by Council during the period of public exhibition that, pursuant to Part 4 Division 3 of the *Roads Act 1993*, Council as

## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



*roads authority formally approve the closure of the portion of Council public road referred to in Resolution 1 above and that upon closure the newly created lot will be classified as Operational Land pursuant to the Local Government Act, 1993.*

4. *The General Manager and Mayor/Interim Administrator be delegated authority to execute under the Common Seal of Council any agreement, plan, real property dealing or any other document in respect of the proposed closure of the portion of Council public road referred to in Resolution 1 above.*
5. *Authority be delegated to the General Manager to execute on behalf of Council any other document associated with the road closure referred to in Resolution 1 above which does not require the affixing of the Common Seal of Council.*

The section of Old Argyle Road, Penrose which is the subject of this report, is both a road reserve and a registered Fire Trail which is currently in an unusable and dangerous condition that requires major works to bring it up to Rural Fire Service (RFS) fire trail standards.

Under the current RFS Fire Trail System the road is classed as a Tactical Trail. It is Council's responsibility to maintain the trail to a standard suitable for use by Category 1 vehicles (large firetrucks).

The RFS has advised that, in its current condition, the fire trail should not be used by large emergency vehicles at any time (and only by smaller vehicles under certain circumstances). This is due to the condition of the road surface and encroaching vegetation along the sides of the road.

The RFS have advised Council that it would be unlikely to be successful in obtaining funding for the required works (those works estimated to cost in excess of \$200,000) as the fire trail is also currently a gazetted Council road reserve. Funding would likely be refused on the basis that access cannot legally be restricted to emergency vehicles only.

The proposal would facilitate closure of the road to allow classification as Fire Trail only. This would in turn enable application for funding for upgrade to bring it up to RFS standard.

### **REPORT**

The area of proposed closure is identified in **Attachment 1**. Following Council's resolution of 14 July 2021, the proposed road closure was placed on public exhibition from 28 July, 2021 to close of business Friday 10 September 2021 (in excess of six (6) weeks).

Council has undertaken the following procedures in accordance with Legislative requirements under the *Roads Act 1993*:

- Two (2) double sided temporary public notice signs were erected on either end of the site of the area of proposed closure, which remained in place during the period of public exhibition.
- The proposed road closure was advertised on Council's website and yoursaywingecarribee.

- The relevant notifiable authorities were given notice in writing of the proposed road closure.
- Neighbour notifications were sent to residents in the vicinity of the proposed portion of road to be closed.

During the period of public exhibition fifty nine (59) submissions were received. Nine (9) submissions were in support of the proposal and twelve (12) gave conditional support to the closure.

Thirty eight (38) submissions contained objections to the proposal. A large amount of these objections related to continued access for pedestrians/horse riders/bike riders etc.

It is noted that closure of the road would not result in the loss of pedestrian access but would limit vehicular access to RFS authorised vehicles only.

There were also concerns raised in relation to the area of road being classified as operational upon closure. The recommendations contained within this report include that the area of closed road be classified as community land to alleviate any concerns regarding future sale.

**Attachment 2** to this report is a summary of objections.

This report is submitted to obtain the necessary Council resolutions to proceed with the proposed closure.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

Public notice of the proposed road closure was advertised for a period of four (4) weeks.

### **Internal Communication and Consultation**

The relevant Council officers have been consulted and provided comment in relation to the closure of the road reserve.

Council's Environment Officer – Bushfire Management– Environment and Sustainability

### **External Communication and Consultation**

Adjoining owners

Statutory Agencies

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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### **COUNCIL BUDGET IMPLICATIONS**

Upon closure, title to the newly created lot will vest in Council. There will be minor budget implications associated with the closure which will include surveying costs and registration fees estimated at \$12,000.00. These costs will be funded through existing budget allocations.

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### **RELATED COUNCIL POLICY**

Permanent Road Closure and Road Lease Policy.

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### **CONCLUSION**

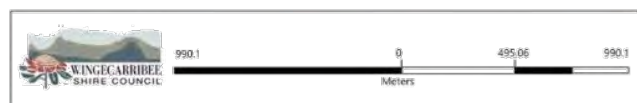
It is recommended that Council resolve to formally approve the road closure pursuant to authority delegated to it under Part 4 Division 3 of the *Roads Act, 1993*.

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### **ATTACHMENTS**

1. Attachment 1 - aerial map
2. Attachment 2 - submissions

9.10 Old Argyle Road, Penrose (part) - Post Exhibition Report - Proposed Road Closure  
ATTACHMENT 1 Attachment 1 - aerial map



Wingecarribee Shire Council

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# Proposed Part Road Closure – Old Argyle Road, Penrose



## Public Exhibition Feedback Summary Table

Summary of Submissions against closure	Council response
<p><b><u>Concerns for public use:</u></b></p> <ul style="list-style-type: none"> <li>• Access should be maintained for public use for exercise, horse riding, bush walking, bike riding, bird watching, non-machine powered recreational activities, Highland Fling etc.</li> <li>• Provides access to local swimming hole, Stingray Swamp.</li> <li>• Lack of paths for people to walk, run, bike ride and horse ride in Southern Villages.</li> <li>• Public road should remain public road.</li> <li>• Extremely valuable educational resource for students of local history.</li> <li>• Road is used for trades/contractors to bring machinery in.</li> </ul>	<ul style="list-style-type: none"> <li>• Following closure of the road reserve, the area will be accessible to pedestrians for bushwalking, bike riding, horse riding etc, but will not be accessible to vehicles other than those authorised by the NSW Rural Fire Service.</li> </ul>
<p><b><u>Safety Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Access to keys in emergencies.</li> <li>• Closure will deprive emergency vehicles of access to injured recreational users.</li> <li>• Closure will deprive access for RFS.</li> <li>• High bushfire access road.</li> <li>• If an accident occurs beyond the gate the RFS would need to be called and the gate unlocked all taking time.</li> <li>• Closing road would be dangerous for nearby properties and residents.</li> <li>• Trees falling on fences.</li> </ul>	<ul style="list-style-type: none"> <li>• Any calls for assistance should be forwarded to the appropriate emergency services for their action. Emergency services will be able to open a 'locked' gate by using a supplied key or by other means.</li> </ul> <p>The reason for closure of the road is to allow Council to apply for funding through the RFS to upgrade and maintain the fire trail to standard for the RFS.</p>





<ul style="list-style-type: none"> <li>• Closure is a dumb and dangerous decision by WSC and RFS.</li> </ul>	
<p><b><u>Condition of Road Reserve Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Road is deteriorated/damaged by water erosion and improper drainage.</li> <li>• No maintenance occurs on the road.</li> <li>• Road in bad state due to erosion from heavy rain.</li> <li>• Only accessible to 4x4 wheel drive vehicles as unmaintained.</li> <li>• Money available to maintain road via grants.</li> <li>• Maintenance stopped on the road in 1994.</li> <li>• It is not a fire trail – it is a Council Road that has been neglected for many years with poor drainage.</li> </ul>	<ul style="list-style-type: none"> <li>• The reason for closure of the road is to allow Council to apply for funding through the RFS to upgrade and maintain the fire trail to standard for the RFS.</li> </ul> <p>The Rural Fire Service will only fund works on registered fire trails, which Old Argyle Road is, but not when they are also a public road.</p> <p>All council managed fire trails are inspected at least biannually to ensure they are in operational condition.</p>
<p><b><u>Concerns land will be sold:</u></b></p> <ul style="list-style-type: none"> <li>• If Operational Land Council could sell or lease in the future.</li> <li>• Will devalue surrounding properties.</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that after closure the land be classified as Community Land.</li> </ul>
<p><b><u>Heritage/Historical Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Road reserve is first southwards access from Sydney.</li> <li>• There is historical heritage significance, convict pavement, relics, drainage, rock channels/culverts and gutters built by convicts.</li> <li>• Original road between Goulburn and Sydney.</li> <li>• Heritage Item (Item 1436) original</li> </ul>	<ul style="list-style-type: none"> <li>• If the proposal to close the road reserve is approved, there is no intention to realign the fire trail from its current location and all necessary environmental and heritage reviews/investigations will be undertaken, as is normal process, before any works take place.</li> </ul> <p>A Plan of Management would be prepared for the land if it is classified as Community Land.</p>



<p>route from Sydney to the Southern Districts.</p> <ul style="list-style-type: none"> <li>• Crown Reserve R.751289 is zoned E2 Environmental conservation under Wingecarribee LEP 2010.</li> <li>• Council should approach Minister to have reserve’s purpose changed from Future Public Requirements to Environmental Protection.</li> <li>• A POM should be prepared so historic and environmental attributes are conserved.</li> <li>• Road from Sutton Forest and Lake Bathurst and on to Braidwood is historical road from 1824, over 200 years.</li> <li>• Likely that followed Aboriginal walking tracks use by Indigenous Australians for millenia. A proper assessment needs to be made of the historical significance (European and Aboriginal).</li> <li>• Aboriginal Cultural Significance Study and Environmental Impact Study needs to be completed.</li> </ul>	
<p><b><u>Bushfire Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Will become overgrown and therefore a greater bushfire hazard.</li> <li>• Escape route in case of bushfires or other crisis in local area.</li> <li>• In recent bushfires there was only two exit routes from Ferndale Road by either argyle Road to Sally’s Corner or to Penrose.</li> <li>• A single fallen tree would render Sally’s Corner exit impassable.</li> <li>• Only access to Paddy’s River for fire protection.</li> </ul>	<ul style="list-style-type: none"> <li>• The reason for request for closure of the road is to allow Council to apply for funding through the RFS to upgrade and maintain the fire trail to standard for the RFS.</li> </ul> <p>The Rural Fire Service will only fund works on registered fire trails, but not when they are also a public road as is the case here.</p> <p>All council managed fire trails are inspected at least biannually to ensure they are in operational condition.</p>

9.10 Old Argyle Road, Penrose (part) - Post Exhibition Report - Proposed Road Closure

ATTACHMENT 2 Attachment 2 - submissions



<ul style="list-style-type: none"> <li>• Escape route during fires.</li> <li>• Maintenance essential for access to emergency vehicles.</li> <li>• Very important as a fire trail.</li> <li>• Closing road would be disaster waiting to happen as used by many people as a through road and in fire situation you need all roads open to get in and out as quickly as possible.</li> <li>• Closing and making it a registered fire trail would require lots of earthworks and tree removal.</li> </ul>	
<p><b><u>Adjoining Owner Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Crown Lands Department said they would object due to impact to access Crown land.</li> <li>• It is a link to access Crown Land and local swimming hole located in the land adjoining.</li> <li>• Denies access to Crown land waterways (Paddy’s River) in times of drought.</li> <li>• Adjoining owners have stockyards and loading ramps giving access to livestock.</li> <li>• Closure will deny land holders access.</li> <li>• Adjacent land owners use road to access boundary fences for repairs.</li> <li>• Road provides direct access (primary and secondary) to their property.</li> <li>• Approved subdivision off this road (LUA07/0024) on 6/11/98 require access to Old Argyle Road.</li> <li>• Access to Crown Road from Argyle</li> </ul>	<ul style="list-style-type: none"> <li>• The original area of closure was revised to ensure that access to Crown Land, being Lot 7301 DP 1161332, was retained. On that basis Crown Land withdrew their original objection to the proposed closure.</li> </ul> <p>The road does not provide primary access to private residences (all adjoining properties access via other means but may gain alternate access via this road).</p> <p>Subdivision LUA07/0024 does not need access off Old Argyle Road, Penrose.</p> <p>If genuine need for vehicle access is required (such as for fertilizer trucks) request can be made to Council for “one off” access in which case arrangements may be made for the gate to be opened.</p>



<p>Road for trucks delivering fuel and fertilizer in wet weather – removing access would impact their business.</p> <ul style="list-style-type: none"> <li>• Denies access for cattle movements and flood access.</li> <li>• Registered air strip on their property which has been used previously by Forestry for fertilizer spraying. Would impact ability to access airstrip.</li> </ul>	
<p><b><u>Native Wildlife Concerns:</u></b></p> <ul style="list-style-type: none"> <li>• Home to native birds and animals.</li> <li>• Species of flora/feed trees along road provide feeding for Glossy Black Cockatoos (classified as vulnerable under NSW Threatened Species legislation).</li> <li>• Gang Gang Cockatoo being considered for reclassification as endangered.</li> <li>• Scarlet Robins and Varied Sitellas (both classified as vulnerable have been sited.</li> <li>• Future upgrade could impact feed trees.</li> <li>• Concerns for removal of feed trees/nesting trees – any work should be done in conjunction with Council’s Environmental Officers for management of species.</li> <li>• A number of threatened bird species and the endangered Giant Dragonfly.</li> </ul>	<ul style="list-style-type: none"> <li>• If the proposal to close the road reserve is approved, there is no intention to realign the fire trail from its current location and all necessary environmental and heritage reviews/investigations will be undertaken, as is normal process, before any works take place.</li> </ul> <p>A Plan of Management would be prepared for the land if it is classified as Community Land.</p>
<p><b><u>Other:</u></b></p> <ul style="list-style-type: none"> <li>• No foresight for future traffic movements and developments for the area.</li> <li>• Alternative access between Bundanoon and Penrose State Forest.</li> </ul>	

9.10 Old Argyle Road, Penrose (part) - Post Exhibition Report - Proposed Road Closure

ATTACHMENT 2 Attachment 2 - submissions



<ul style="list-style-type: none"> <li>• Lack of Council commitment to maintain road and Southern Villages.</li> <li>• Lack of information provided as to why road is being closed.</li> <li>• No reasons or justifications provided.</li> <li>• Eliciting funding from RFS is not valid reason to change to operational land. A REF (Review of Environmental Factors) is needed.</li> <li>• Complete waste of RFS funds because WSC should have been maintaining all along from rates paid.</li> <li>• Under Road Act 1993, Section 38B – Notification: Council neglected to notify the Community of the extension for submission.</li> <li>• Failure to respond to resident objections.</li> <li>• Council should find another way to fund maintenance.</li> </ul>	<p>The road closure is requested to allow the area to be classed solely as a fire trail which will enable application for funding for upgrade.</p> <p>Areas of road closure are classified as operational under the Roads Act, 1993. There is no 'change' to operational.</p> <p>An extension of the submission period was requested and agreed to. The updated submission period was advertised on Council's website and yoursaywingecarribee.</p>
<p><b><u>Other Recommendations Suggested:</u></b></p> <ul style="list-style-type: none"> <li>• Improve by providing parking area, picnic tables, display boards with historical photos.</li> <li>• Move current gate to provide safe parking for horse floats so horses can be loaded/unloaded safely.</li> <li>• Current gate to be replaced with a horse friendly gate.</li> <li>• Opening at Ferndale Road where horse floats can be parked to remain open.</li> <li>• Should be rezoned Community Land.</li> </ul>	

## **9.11 Australia Day Event Survey Results**

**Report Author:** Group Manager Corporate and Community  
**Authoriser:** General Manager

### **PURPOSE**

The purpose of this report is to provide the outcome of the Australia Day Event Survey to identify opportunities for improvements for future events and outline plans for Australia Day 2022.

### **RECOMMENDATION**

**THAT Australia Day 2022 be held in Berrima and that Council:**

- a. **Work closely with Berrima Courthouse Trust to honour the final year of the Deed of Agreement with Council**
- b. **Commence the day with Citizenship Ceremony, address by the Australia Day Ambassador and announcement of Citizen/Youth Citizen of the Year**
- c. **Include a street parade that celebrates and acknowledges local volunteer groups and emergency service providers and invites a broader range of local participants**
- d. **Include locally based market and food stall providers**
- e. **Provide entertainment that is locally based**
- f. **Investigate holding an outdoor cinema in the evening.**

### **REPORT**

#### **BACKGROUND**

Wingecarribee Shire Council, in conjunction with members of the historic Berrima Courthouse Trust have held Australia Day celebrations in Berrima for the past 25 years.

This partnership is under a Deed of Agreement, where Council has full responsibility for the ceremony staging and parade operations. Mr Colin Gelling OAM, CEO of Berrima Courthouse, stages and oversees the activities held at the Berrima Market Place Reserve. 2022 is the final year of the Deed of Agreement.

Traditionally, event starts with an official Australia Day Ceremony held on the lawns of the historic Berrima Courthouse and incorporates a Citizenship Ceremony, Australia Day Ambassador Address and Citizen/Young Citizen of the Year announcements. This concludes with an 'Aussie' themed community morning tea and attracts up to 500 people.

At Midday, the Old Hume Highway is lined with residents and visitors for the Street Parade. The parade is supported by a number of car clubs, local volunteer groups such as the Country Women's Association, Berrima Public School, Historically Society, Pipes and Drums Band, Marching Band, Council plant machinery as well as a contingent from the Rural Fire Brigade and Emergency Services.

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### REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING



The parade ends at Berrima Market Place Reserve where there are numerous arts, crafts and food stalls, children's rides and live music entertainment for the community to enjoy. Over the years there have been estimated crowds of 5000 - 8000 present for the parade and afternoon activities. However, crowd numbers have been declining over the past five (5) years.

The past two (2) years have seen the parade and market stalls cancelled. Firstly, due to the 2019/2020 Black Summer Bushfires and in January 2021 the COVID-19 pandemic forced all Australia Day celebrations to be cancelled.

### REPORT

In preparation for future Australia Day events a survey was undertaken to identify improvements for future Australia Day events in the Wingecarribee Shire. The survey sought feedback on attractions for the Australia Day event, location of the event, transportation to the event and other suggestions.

A total of 246 survey responses were received. Of the 246 survey responses, 172 (70%) had attended the Australia Day event in Berrima in previous years.

Postcode	No. Reponses (%)
<b>2575 – Mittagong and surrounding villages</b>	64 (26%)
<b>2576 – Bowral and surrounding villages</b>	77 (31%)
<b>2577 – Moss Vale and surrounding villages</b>	71 (29%)
<b>2578 – Bundanoon and surrounding villages</b>	22 (9%)
<b>2579 – Wingello and surrounding villages</b>	10 (4%)
<b>Postcode not provided</b>	2 (>1%)

When asked about attractions for future Australia Day events, responses were as follows:

Which of the following attractions would you like to see in future Australia Day events?	No. Reponses (%)
<b>Food Stalls</b>	195 (85%)
<b>Live Music Entertainment</b>	193 (78%)
<b>Art/Craft Stalls</b>	182 (74%)
<b>Citizenship ceremony, Australia Day Ambassador Address, Citizen/Young Citizen of the Year</b>	167 (68%)
<b>Street Parade</b>	157 (64%)
<b>Children's Rides</b>	113 (46%)

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The majority of residents (163 of 246 responses, 66%) indicated Australia Day events should be held in Berrima, as opposed to community led events across the Shire (83 of 246, 34%).

A number of respondents made comment regarding Berrima as the location for the Shire's Australia Day event. These included:

- *Australia Day at Berrima is a generational event that is embedded in the Wingecarribee and stretching more events over villages would create silos.*
- *Create a more festival-type atmosphere to attract a wide cross-section of the community, don't split the celebration into smaller groups as doing so will dilute it with significant loss.*
- *Berrima is an ideal historical location.*
- *The event attracts people from all over including Sydney.*
- *Bowral has Tulip Time, Bundanoon has Brigadoon, Berrima has Australia Day.*

In terms of transportation to the event, of 138 responses, 127 (92%) respondents indicated they would travel by car and 11 of 138 respondents (8%) indicated a combined use of car and shuttle.

The survey also asked respondents about other suggestions for Australia Day events for the Shire, key themes included:

- Stronger recognition, and celebration of the traditional custodians of this land, in particular being respectful of our indigenous culture and inclusive (28 respondents)
- A desire to change in the date of Australia Day (21 respondents)

Several residents indicated they would like to see an emphasis on local entertainment, parade participants, stalls and produce, especially after Covid-19 and the bushfires. Showcasing local produce and local businesses should also be incorporated in the Australia Day event.

#### Australia Day January 2022

Based on the outcomes of the community survey Australia Day 2022, it is proposed that Wingecarribee Shire Australia Day event will:

- Be held in Berrima
- Work closely with Berrima Courthouse Trust to honour the final year of the Deed of Agreement with Council
- Commence the day with Citizenship Ceremony, address by the Australia Day Ambassador and announcement of Citizen/Youth Citizen of the Year
- Include a street parade that celebrates and acknowledges local volunteer groups and emergency service providers and invites a broader range of local participants
- Include locally based market and food stall providers
- Provide entertainment that is locally based
- Investigate holding an outdoor cinema in the evening.





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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

The Australia Day Survey was available to be completed between 18 October and 25 October 2021. The survey was promoted via a project page on <https://www.yoursaywingecarribee.com.au> with approximately 2390 registered users were alerted to the opportunity to comment and eNewsletters were distributed to over 1650 subscribers. Information was distributed via other Council networks as well as via Council's Facebook, Twitter and YouTube feed.

### **Internal Communication and Consultation**

Executive

### **External Communication and Consultation**

Mr Colin Gelling OAM, CEO of Berrima Courthouse,

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

Council has an annual budget allocation for Australia Day

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## **RELATED COUNCIL POLICY**

Nil

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## **CONCLUSION**

This report outlines the outcomes from the Australia Day event survey and proposed plans for Australia Day 2022.

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**REPORT DIRECTOR, CORPORATE STRATEGY AND RESOURCING**



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**ATTACHMENTS**

There are no attachments to this report.

## **9.12 Code of Conduct Complaint Statistics, 1 September 2020 to 31 August 2021**

**Report Author:** Group Manager Corporate and Community  
**Authoriser:** General Manager

### **PURPOSE**

This purpose of this report is to advise Council of the complaints received and finalised under Council's Code of Conduct during the period from 1 September 2020 to 31 August 2021.

### **RECOMMENDATION**

**THAT the information in relation to the Code of Conduct Complaints for 1 September 2020 to 31 August 2021 be submitted to the Office of Local Government by 30 November 2021.**

### **REPORT**

#### **BACKGROUND**

Under clause 11.1 of Council's Procedures for the Administration of the Code of Conduct ("Procedures"), the complaints coordinator must report certain statistics to Council regarding Code of Conduct complaints received and the outcome of complaints against a Councillor and the General Manager during the period from 1 September 2020 to 31 August 2021. Council must also provide these statistics to the Office of Local Government under clause 11.2 of the Procedures.

#### **REPORT**

Attachment 1 to this report is the information on Code of Conduct complaints required under clause 11.1 of the Procedures for the period 1 September 2020 to 31 August 2021.

For the Code of Conduct reporting period Council received 7 Code of Conduct Complaints, all were finalised during the reporting period. The total cost of dealing with Code of Conduct complaints within the period, including staff costs, was \$8,990 excluding GST.

### **COMMUNICATION AND CONSULTATION**

#### **Community Engagement**

N/A

#### **Internal Communication and Consultation**

N/A

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**External Communication and Consultation**

N/A

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**SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

Clause 11.1 of the Procedures mandates annual reporting of Code of Conduct complaints.

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**COUNCIL BUDGET IMPLICATIONS**

The total amount paid to conduct reviewers who dealt with Code of Conduct complaints during the reporting period \$8,990 excluding GST, with appropriate provisions made as a part of the 2020/21 Budget.

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**RELATED COUNCIL POLICY**

Code of Conduct and Procedures for the Administration of the Code of Conduct.

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**CONCLUSION**

This report advises Council of the complaints received and finalised under Council's Code of Conduct during the period from 1 September 2020 to 31 August 2021.

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**ATTACHMENTS**

1. Code of Conduct Complaints Statistics 1 September 2020 to 31 August 2021



## Office of Local Government

### Model Code of Conduct Complaints Statistics

Reporting Period: 1 September 2020 - 31 August 2021

**Date Due:** 31 December 2021

*To assist with the compilation of the Time Series Data Publication it would be appreciated if councils could return this survey by 30 November 2021.*

**Survey return email address:** [codeofconduct@olg.nsw.gov.au](mailto:codeofconduct@olg.nsw.gov.au)

<b>Council Name:</b>	Wingecarribee Shire Council
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<b>Contact Name:</b>	Danielle Lidgard
<b>Contact Phone:</b>	02 48680888
<b>Contact Position:</b>	Group Manager Corporate & Community
<b>Contact Email:</b>	<a href="mailto:danielle.lidgard@wsc.nsw.gov.au">danielle.lidgard@wsc.nsw.gov.au</a>

All responses to be numeric.

**Where there is a zero value, please enter 0.**

**Enquiries:** Performance Team  
Office of Local Government  
Phone: (02) 4428 4100  
Enquiry email: [olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)



Model Code of Conduct Complaints Statistics Wingecarribee Shire Council		
<b>Number of Complaints</b>		
1 a	The total number of complaints <b>received</b> in the period about councillors and the General Manager (GM) under the code of conduct	7
b	The total number of complaints <b>finalised</b> in the period about councillors and the GM under the code of conduct	7
<b>Overview of Complaints and Cost</b>		
2 a	The number of complaints <b>finalised at the outset</b> by alternative means by the GM or Mayor	3
b	The number of complaints <b>referred to the Office of Local Government (OLG)</b> under a special complaints management arrangement	0
c	The number of code of conduct complaints <b>referred to a conduct reviewer</b>	2
d	The number of code of conduct complaints <b>finalised at preliminary assessment</b> by conduct reviewer	2
e	The number of code of conduct complaints <b>referred back to GM or Mayor</b> for resolution after preliminary assessment by conduct reviewer	0
f	The number of finalised code of conduct complaints <b>investigated by a conduct reviewer</b>	0
g	The number of finalised complaints investigated where there was found to be <b>no breach</b>	0
h	The number of finalised complaints investigated where there was found to be <b>a breach</b>	0
i	The number of complaints referred by the GM or Mayor <b>to another agency</b> or body such as the ICAC, the NSW Ombudsman, OLG or the Police	2
j	The number of complaints being investigated that are <b>not yet finalised</b>	0
k	The <b>total cost</b> of dealing with code of conduct complaints within the period made about councillors and the GM including staff costs	8,990
<b>Preliminary Assessment Statistics</b>		
3	The number of complaints determined by the conduct reviewer at the preliminary assessment stage by each of the following actions:	
a	To take no action (clause 6.13(a) of the 2018 and 2020 Procedures)	2



b	To resolve the complaint by alternative and appropriate strategies (clause 6.13(b) of the 2018 and 2020 Procedures)	0
c	To refer the matter back to the GM or the Mayor, for resolution by alternative and appropriate strategies (clause 6.13(c) of the 2018 and 2020 Procedures)	0
d	To refer the matter to another agency or body such as the ICAC, the NSW Ombudsman, OLG or the Police (clause 6.13(d) of the 2018 and 2020 Procedures)	0
e	To investigate the matter (clause 6.13(e) of the 2018 and 2020 Procedures)	0

**Investigation Statistics**

4	The number of investigated complaints resulting in a determination that there was <b>no breach</b> , in which the following recommendations were made:	
a	That the council revise its policies or procedures	0
b	That a person or persons undertake training or other education (clause 7.37 of the 2018 Procedures or clause 7.40 of the 2020 Procedures)	0
5	The number of investigated complaints resulting in a determination that there <b>was a breach</b> in which the following recommendations were made:	
a	That the council revise any of its policies or procedures (clause 7.36(a) of the 2018 Procedures or clause 7.39 of the 2020 Procedures)	0
b	In the case of a breach by the GM, that action be taken under the GM’s contract for the breach (clause 7.36(h) of the 2018 Procedures or clause 7.37(a) of the 2020 Procedures)	0
c	In the case of a breach by a councillor, that the councillor be formally censured for the breach under section 440G of the Local Government Act 1993 (clause 7.36(i) of the 2018 Procedures or clause 7.37(b) of the 2020 Procedures)	0
d	In the case of a breach by a councillor, that the councillor be formally censured for the breach under section 440G of the Local Government Act 1993 and that the matter be referred to OLG for further action (clause 7.36(j) of the 2018 Procedures or clause 7.37(c) of the 2020 Procedures)	0
6	Matter referred or resolved after commencement of an investigation (clause 7.20 of the 2018 or 2020 Procedures)	0

**Categories of misconduct**

7	The number of investigated complaints resulting in a determination that there was a breach with respect to each of the following categories of conduct:	
a	General conduct (Part 3)	0
b	Non-pecuniary conflict of interest (Part 5)	0
c	Personal benefit (Part 6)	0



d	Relationship between council officials (Part 7)	0
e	Access to information and resources (Part 8)	0
<b>Outcome of determinations</b>		
8	The number of investigated complaints resulting in a determination that there was a breach in which the council failed to adopt the conduct reviewers recommendation	0
9	The number of investigated complaints resulting in a determination that there was a breach in which the council's decision was overturned following a review by OLG	0



## 9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

**Report Author:** Group Manager Corporate and Community  
**Authoriser:** Director, Corporate Strategy and Resourcing

### **PURPOSE**

The purpose of this report is to present Council's submission to the Office of Local Governments Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW.

### **RECOMMENDATION**

**THAT** Council endorse the submission to the Office of Local Government on the Draft Guidelines for Risk Management and Internal Audit Framework for Local Council's in NSW.

### **REPORT**

#### **BACKGROUND**

In 2016 the *Local Government Act 1993* (the Act) was amended to require all NSW councils have an audit, risk and improvement committee with the statutory obligation to keep under review the following aspects of Council'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,
- any other matters prescribed by the regulations.

To support amendments to the Act, in September 2019 the Office of Local Government (OLG) issued draft guidelines *New Risk Management and Internal Audit Framework for Local Councils in NSW* and undertook consultation over a three (3) month period. In response to feedback, the OLG refined the guidelines and in August 2021 issued draft *Guidelines for risk management and internal audit for local councils in NSW* (draft Guidelines) and are included in **Attachment 1**. The OLG is seeking feedback on the draft Guidelines and submissions are due by 26 November 2021.

At its meeting on 21 April 2021 Council, adopted revised Terms of Reference for Audit, Risk and Improvement Committee based on the OLG 2019 draft guidelines and dissolved the

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### REPORT GENERAL MANAGER



Audit, Risk and Improvement Committee (ARIC) of the time. Subsequently Council called for Expressions of Interest (EOI) from suitably qualified persons to fill the independent committee member's positions. At the meeting held on meeting 28 July 2021 Council resolved as follows:

*THAT Council*

- 1. That the Audit, Risk and Improvement Committee Terms of Reference be amended to include four (4) independent committee members, including the Chair of the Committee*
- 2. Endorse the appointment of Mr Stephen Horne, Mr Mark McCoy, Ms Simone Schwarz and Mr Michael Quirk to the Audit, Risk and Improvement Committee from 1 September 2021 for a three (3) year term expiring 31 August 2024.*
- 3. Appoint Mr Stephen Horne as Chair of the Audit, Risk and Improvement Committee for the three-year term.*
- 4. Endorse the remuneration fee of \$1,621 (excluding GST) per meeting to committee members and \$16,213 (excluding GST) per annum payable the Chair.*

## **REPORT**

When finalised the Guidelines will prescribe the minimum and best practice standards for each council's audit, risk and improvement committee, risk management framework and internal audit function.

The *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2005* (the 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.

The draft Guidelines have been developed to assist councils comply with the requirements of the Act and the Regulation. The draft guidelines set the minimum standard to strengthen risk management and internal practice in NSW councils.

By 4 June 2022 all councils (including county councils) and joint organisations must have either appointed an ARIC or entered into an arrangement with another council or joint organisation to share an ARIC. Full compliance for Risk and Internal Audit is required by 2024 and 2027 ARIC composition.

A submission in response to the draft guidelines is included in **Attachment 2**.

---

## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

N/A

---

**Internal Communication and Consultation**

Executive

Strategic Governance Executive

**External Communication and Consultation**

Office of Local Government

Chair of Audit, Risk and Improvement Committee

---

**SUSTAINABILITY ASSESSMENT**

• **Environment**

There are no environmental issues in relation to this report.

• **Social**

There are no social issues in relation to this report.

• **Broader Economic Implications**

There are no broader economic implications in relation to this report.

• **Culture**

There are no cultural issues in relation to this report.

• **Governance**

The draft Guidelines have been developed to assist councils comply with the requirements of the Act and the Regulation. The draft guidelines set the minimum standard to strengthen risk management and internal practice in NSW councils.

---

**COUNCIL BUDGET IMPLICATIONS**

Council has an annual budget allocation for the audit, risk and improvement committee, risk management and internal audit functions.

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**RELATED COUNCIL POLICY**

Nil

---

**CONCLUSION**

The report provides Council with a draft submission on the Office of Local Government's draft Guidelines on Risk Management and Internal Audit Framework for Local Council's in NSW.

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**ATTACHMENTS**

1. Office of Local Government Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW

**AGENDA FOR THE ORDINARY MEETING OF COUNCIL**

Wednesday 10 November 2021

**REPORT GENERAL MANAGER**



- 
2. Draft Submission to Office of Local Government on Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



# 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

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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)

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- 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.

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.

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.

**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.

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



## 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.

- 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.

## 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 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.

## 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

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

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- 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

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- 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.

### 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.

### 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





## 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.

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.

## 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.

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.

## 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.**



## 9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

### ATTACHMENT 1 Office of Local Government Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



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.

## 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.

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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 responds 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.

**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.

## 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.

## 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.

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.

## 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.

## 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.

## 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

## 9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

### ATTACHMENT 1 Office of Local Government Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



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.

## 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.

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.

### 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.

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.

## 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.

### 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.

## 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.

## 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.

## 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.

## 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

## 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.

## 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.

## 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.

## 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.

## 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).

## 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.

## 9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

### ATTACHMENT 1 Office of Local Government Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



## 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.

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".

## 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.

### 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.

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:

## 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.

## 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

## 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

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- 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.

- 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.

## 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.

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.

### 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:

### 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 #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 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.

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## 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.**







## 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.

## 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.

- 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.

## 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.

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.

## Structure

Each council will have different internal audit function requirements depending on the council's size, needs, budget and operational complexity and can either:



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.

- 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.

### County councils

County councils may enter into a shared arrangement with one of their constituent councils or another county council.

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.

### 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.

- 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.

## 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

### 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 team 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.

## 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.

→ 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.

### 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

### 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

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- 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).

## 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

## Annual attestation

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:

- 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

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- 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.

## 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.

## 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.

## 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.

## 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

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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]



## [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):

Requirement	Reason for non-compliance
[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:

Summary of alternative arrangements	How they will achieve equivalent outcomes
[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

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

## 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

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- 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.

## 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

#### 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.

### 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.



# Appendix 3:

## Model Terms of Reference for audit, risk and improvement committees





## 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.

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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

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[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



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#### 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.

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## 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 Klamia
- 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

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- 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





## 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.



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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





## 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.

<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 of risk management into day-to-day business activities and processes, and
- ⇒ promoting a culture of high ethical standards.

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[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.

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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.

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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

## 9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

### ATTACHMENT 1 Office of Local Government Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



- 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

9.13 Draft Guidelines for Risk Management and Internal Audit Framework for  
Local Councils in NSW - Submission to Office of Local Government

ATTACHMENT 1 Office of Local Government Draft Guidelines for Risk  
Management and Internal Audit for Local Councils in NSW



9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government

ATTACHMENT 2 Draft Submission to Office of Local Government on Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW



Contact:

November 2021

Office of Local Government  
Governance Team  
[olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au)



Civic Centre  
68 Elizabeth Street Moss Vale  
PO Box 141 Moss Vale NSW 2577

02 4868 0888

[mail@wesc.nsw.gov.au](mailto:mail@wesc.nsw.gov.au)

ABN 49 548 344 334

Dear Sir/Madam

**SUBMISSION: DRAFT GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT FOR LOCAL COUNCILS IN NSW**

Wingecarribee Shire Council (Council) appreciates the opportunity to provide comment of *the draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW*. Council welcomes the introduction of guidelines on the appointment and operation of audit, risk and improvement committees, risk management and internal audit activities.

Council is supportive of a number of changes that have been incorporated into the draft guidelines, in particular reduced prescription and greater flexibility and scalability to cater for the different needs and characteristics of councils through the new tiered model for metropolitan, regional and rural and remote councils, joint organisations and county council.

Council is also supportive of

- reduced prequalification requirements aligned to the tiered model
- all matters listed in section 428A of the *Local Government Act 1993* over the council term, rather than annually
- ability for councils to shape ARICs' role depending on council needs
- risk management refocused as a position rather than a dedicated position
- the 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.

Council is not supportive of councillors being non-voting members of audit, risk and improvement committees. While the draft guidelines allow councils the option of including a suitably qualified

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WINGECARRIBEE - A COAL MINING FREE SHIRE

**9.13 Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW - Submission to Office of Local Government****ATTACHMENT 2 Draft Submission to Office of Local Government on Draft Guidelines for Risk Management and Internal Audit for Local Councils in NSW**

councillor as a non-voting member on its audit, risk and improvement committee, it is believed that this is in conflict with the independence requirements of the committee. Council is also concerned that including councillors as non-voting members the role:

- to relay concerns from the governing body,
- provide insights into local issues and the strategic priorities of the council
- advise the governing body of the work of the committee
- assist the governing body to review the performance of the committee each council term.

This has the ability for individual councillors to push their own agenda to the committee, politicise issues and gain advantage over other councillors through participation on the committee. There should be a formal process for the Council to raise concerns, provide insight into local issues and strategic priorities that represents the view of the governing body as a whole not individual councillors. Likewise, the reporting process outlined in the draft guidelines should be the mechanism for the committee to advise the governing body of the work of the committee.

It is noted that the draft Guidelines do not set fees for the ARIC Chair and Committee members, and fees are set at Council's discretion. It is suggested that some guidance with regard to appropriate fees be included in the guidelines, this could in the form of a minimum and maximum range based on tiered structure outlined in the draft Guidelines.

## 11 SERVICE AND PROJECT DELIVERY

### 11.1 NSW Public Spaces Legacy Program - Funding Application

Report Author: Acting Manager Assets  
Authoriser: Group Manager Capital Projects

#### **PURPOSE**

The purpose of this report is to inform Council of the successful amendment to the funding application as resolved by Council on 9 June 2021 and submitted to the NSW State Government under the NSW Public Spaces Legacy Program.

#### **RECOMMENDATION**

##### **THAT**

1. Council note the funding provided under the NSW State Government's Public Spaces Legacy Program as per the amended funding application to deliver the works outlined in the Bong Bong Common Masterplan.
2. Council note the amended funding deed was signed under the General Manager's Delegated Authority on 15 July 2021.
3. Council acknowledge the support and assistance of the Member for Wollondilly, Mr Nathaniel Smith MP and Member for Goulburn Mrs Wendy Tuckerman MP, in securing this grant funding.

#### **REPORT**

##### **BACKGROUND**

In August 2020 the NSW Government announced the \$250 million NSW Public Spaces Legacy Program to protect the health of the community and provide economic and jobs stimulus in response to the COVID-19 pandemic and deliver a legacy of safe, quality public and open space.

In March 2021, Council submitted an application under the Public Spaces Legacy Program for Corbett Plaza and Corbett Gardens (Bowral CBD). Council was advised on the 6 May 2021 that its application had progressed to the next stage and that a funding agreement needed to be entered into by the 21 May 2021.

In consideration of the council resolution on the 21 May 2021 to no longer proceed with the Station Street Upgrade Project and to instead develop a Bowral CBD Masterplan, the plans for Corbett Plaza should be reviewed as part of this process and be brought into line with the overall plans for the CBD. As a result, the delivery of the revised Corbett Plaza project in alignment with the proposed Bowral CBD Masterplan, will not be achieved within the funding program's timelines.



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There was an opportunity to pursue the implementation of the staged upgrade to Bong Bong Common in line with the recently adopted Masterplan for the site. The Public Spaces Legacy Program approved Councils revised application to fund the construction works of the Bong Bong Common Masterplan.

At the Council Meeting held on the 9 June 2021, Council resolved (MN 154/21):

#### **THAT:**

1. *Council endorse its application to the NSW State Government to amend the proposed project to be funded under the NSW Public Spaces Legacy Program from Corbett Plaza and Corbett Gardens to the delivery of the Bong Bong Common Masterplan.*
2. *Council note the alternative project application was submitted 9 June 2021 by 12.00pm in accordance with the requirements of the funding body.*

On 2 July 2021 Council received notification from the NSW Department of Planning, Industry and Environment that its amended application for funding was successful.

Advice of the successful application is included as **Attachment 1**.

The grant funding is offered for the delivery of works associated with the Bong Bong Common Masterplan including the completion of Stage 1 and select works from Stages 2 and 3 of the adopted Masterplan.

In addition, the following conditions apply to the grant funding:

- Enhance the design of the project to provide more opportunities to stay longer and improve the general amenity.
- Consider further ways to include Connection to Country in the design of the project.
- Reconsider removal of trees or ensure net increase. Consider additional tree planting along the track to provide shade.

Project works are required to be completed by December 2022.

Notably, funding under this program is conditional upon Council achieving a range of development assessment targets. For Wingecarribee Shire Council, these targets have been set as follows:

1. Reduce average nett determination times of all applications over 40 days and equally reduce the number of applications over 100 assessment days.
2. In addition to improvements in development assessment timeframes, Council has also committed to addressing two long-outstanding state significant development matters.

Council submitted its final planning acceleration monthly report in July 2021.

Council has met the second phase development assessment performance targets under the Public Spaces Legacy Program. The funding amount of \$3 million will be made available over a staged period. The final amount of \$1,050,000 will be made available at the completion of the construction works in February 2023. Prior to Council receiving the final funding milestone a detailed concept design will be developed and displayed for community

consultation. The endorsed concept will then be further developed into construction ready documentation for tender for construction.

The project aims to sensitively improve the Common in order to protect the archaeological remnants of the historic settlement sites, whilst improving access and park amenities and providing interpretive information for park users. Access and amenity provisions include accessible walkways, vantage points, nature play and a public toilet all whilst protecting and enhancing the natural character of the precinct through re-establishment of natural systems and enabling the fauna and flora to thrive and maintain efficient ecosystems into the future.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

The Bong Bong Common Masterplan has undergone extensive community consultation through its development and subsequent adoption by Council on the 22 May 2019.

During the development of the Masterplan, it was exhibited for 28 days via Council's Your Say website and hard copies were available at Customer Service and the Libraries.

### **Internal Communication and Consultation**

Assets, Project Delivery, Finance.

### **External Communication and Consultation**

NSW Department of Planning, Industry and Environment

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

Parks and open space areas provide community meeting places for passive recreation and social use that offers associated health and wellbeing benefits. The NSW Public Spaces Legacy Fund is committed to delivering social outcomes through high quality public open space.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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### **COUNCIL BUDGET IMPLICATIONS**

There are no direct budget implications from this report as the proposed works will be funded through the NSW State Government's Public Spaces Legacy Program. Should discussions regarding the traffic arrangements require access improvements to be made, this will be reported as a separate matter for Council's consideration.

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### **RELATED COUNCIL POLICY**

Bong Bong Common Masterplan

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### **CONCLUSION**

Council has been successful in securing \$3,000,000 in grant funding for works included in the Bong Bong Common Masterplan. It is recommended that Council formally accept the Grant.

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### **ATTACHMENTS**

1. Public Spaces Legacy Fund Successful Application Notice



Planning,  
Industry &  
Environment

Mr John Burgess  
General Manager  
Wingecarribee Shire Council  
PO Box 141  
MOSS VALE NSW 2577

2 July 2021

Dear Mr Burgess

Thank you for your application for grant funding under the NSW Public Spaces Legacy Program.

I am pleased to advise that your application for the Bong Bong Common Masterplan Project has been approved for funding.

**Project name:** Bong Bong Common Masterplan Project

**Funding Amount** \$3,000,000

The provision of funding is subject to the terms and conditions detailed in the attached funding agreement and the following conditions as recommended by the assessment panel:

- Enhance the design of the project to provide more opportunities to stay longer and improve the general amenity.
- Consider further ways to include Connection to Country in the design of the project.
- Reconsider removal of trees or ensure net increase. Consider additional tree planting along the track to provide shade.

If you wish to accept this grant, please return 2 (two) signed hardcopies of the agreement. Please do not date the agreement. The Department will date the agreement upon its execution. Hardcopies can be returned to the address below:

Attention: Hanna Shalhaf  
Locked Bag 5022 Parramatta NSW 2124

Please also provide a digital copy of the signed agreement by 9 July 2021.



Upon execution of the funding agreement, the Department will transfer an up-front payment to assist with detailed planning and design.

Please ensure Council adheres to the NSW Funding Acknowledgment Guidelines for the applicable signage media and communications for this project. The Department will advise Council on the timing for any announcements.

If you have any questions, the Public Spaces Legacy team would be happy to assist. The team can be contacted at [PublicSpacesLegacy@planning.nsw.gov.au](mailto:PublicSpacesLegacy@planning.nsw.gov.au)

We look forward to working in partnership with you on this exciting project.

Your sincerely



**Martin Reason**  
Executive Director, Infrastructure & Place

## 11.2 Fire Safety Servicing of Council Buildings - Tender

**Report Author:** Building Maintenance Planning and Contracts Officer  
**Authoriser:** Director, Service and Project Delivery

### PURPOSE

The purpose of this report is to present the evaluation of the Request for Tender for the Fire Safety System Servicing for Council buildings.

### RECOMMENDATION

1. **THAT Council accepts the tender from Shunique Pty Ltd for the Fire Safety Servicing of Council Buildings Contract for the lump sum price of \$264,010.30 (inclusive of GST) for an initial period of two (2) years, with an extension option of one (1) year and a further two extension options of one (1) year for a potential five (5) year contract.**
2. **THAT Council note the tenders received ranged from \$136,704.9 (LOWEST) to \$316,963.9 (HIGHEST).**

### REPORT

#### **BACKGROUND**

In accordance with the Environmental Planning and Assessment Act 1979 and Environmental Planning and Assessment Regulation 2000, Wingecarribee Shire Council (the Principal) is required to maintain Fire Safety Systems in Class 1a - Class 9 Council buildings across the shire. This includes the annual testing and servicing of fire safety systems such as emergency exit lighting, fire extinguishers, and other systems.

Fire Safety systems in council buildings have previously been serviced and maintained under a 'building by building' arrangement'. The objective of this contract is to undertake a comprehensive approach to manage the majority of fire safety system servicing and maintenance requirements for Council buildings under one coordinated contract.

The scope of this tender is limited to the public buildings, Council Depot Buildings, Resource Recovery Centre and Southern Regional Livestock Exchange. The scope was informed by a thorough audit of buildings, undertaken by a fire and safety consultant, to determine the scope of works required and the extent of repairs and testing required for each building. The audit identifies compliance defects in most buildings that require rectification, therefore the scope of this tender includes rectifying those defects which had previously not been identified, in addition to the ongoing annual program of inspections and servicing.

Due to the large number of buildings addressed by this contract, council developed a very specific brief to provide a clear structure for the delivery of the scope of work, and to enable strong communication with council and stakeholders. The brief called for strong record

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keeping, reporting and documentation requirements, communication requirements, a detailed description of the parts of the scope, and qualifications specific to the works required.

The buildings identified in this contract (Class1a - 9) have a range of different fire safety measures ranging from basic portable fire measures and emergency and exit lighting to fire curtains, wall wetters and alarm systems.

### **REPORT**

Council sought tenders for suitable and qualified contractors to provide a lump sum tender for the specified scope of works. The full scope of works was detailed in the design drawings and tender documents

In accordance with the *Local Government Act 1993* part 3, section 55(3)(n), Council is required to invite tenders where estimated expenditure is greater than \$250,000 (GST inclusive).

### **ADVERTISING**

The tender advertising period was from the 24 August 2021 to 28 September (35 days).

The tender was advertised as follows:

<b>Newspaper / Website</b>	<b>Date Advertised</b>
Newspaper – Sydney Morning Herald	Tuesday, 24 August 2021
Newspaper – Southern Highlands News	Wednesday, 25 August 2021
Newspaper – Southern Highlands News	Wednesday, 1 September 2021
Council's Website	For the duration of the advertising period
Council's eTendering Website	For the duration of the advertising period

### **TENDERS RECEIVED**

A total of seven (7) tender submissions were received:

<b>Company Name</b>	<b>Location</b>	<b>Postcode</b>
ARA Fire Protection Services Pty Ltd	Unanderra, NSW	2526
Chubb Fire & Security Pty Limited	Unanderra, NSW	2526
Dynamic Fire Pty Ltd	Tamworth, NSW	2340
Global Fire Pty Ltd	Kingsgrove, NSW	2208
Highlands Fire and Safety Pty Ltd	Bowral, NSW	2576
Shunique Pty Ltd	North Richmond, NSW	2754
Wormald Australia Pty Ltd	Albion Park Rail, NSW	2527

### **LATE TENDERS**

A total of one (1) late tender submissions were received (therefore non-conforming):

<b>Company Name</b>	<b>Location</b>	<b>Postcode</b>
Complete Plumbing & Fire Pty Ltd	Wollongong	2500

### **TENDER EVALUATION**

A Procurement Evaluation Plan was developed which outlined the pre-determined selection criteria, the criteria weightings, and members of the tender evaluation panel.

Each submission was evaluated against the specified criteria by the tender evaluation panel with a scoring system based from 0 to 10 and weighted according to the pre-determined criteria.

### **SELECTION CRITERIA**

The pre-determined criteria used to evaluate the tender were as follows:

#### **Mandatory Criteria:**

<b>Mandatory Criteria</b>
Public Liability - \$20 million
Workers Compensation OR [Self Employed] Personal Accident and Illness Insurance or Personal Income Protection
Accredited Practitioner (Fire Safety): Fire Safety Assessment
FPAS Inspect and Test Accreditation



Tenderers were required to meet the mandatory criteria to be eligible to be shortlisted and progress any further in the evaluation process.

**Non-Cost Selection Criteria & Weighting:**

<b>Non-Cost Criteria</b>	<b>Weighting</b>
Capability & Experience	15%
Specifications, Service & Support, Fit for Purpose	15%
Quality Assurance & Innovation	5%
Community & Social (including local content)	10%
Work Health and Safety, Environment & Sustainability	10%
<b>Total</b>	<b>50%</b>

**Summary of Selection Criteria & Weighting:**

<b>Criteria</b>	<b>Weighting</b>
Total Non-Cost Criteria	50%
Total Cost Criteria	50%
<b>Total</b>	<b>100%</b>

**NON-COMPLIANT TENDERS**

Upon evaluation a total of six (6) tender submissions were determined to be non-compliant:

<b>Company Name</b>	<b>Reason for Non-Compliance</b>
ARA Fire Protection Services Pty Ltd	Did not meet Non-Cost Criteria Weighted Threshold
Chubb Fire & Security Pty Limited	Did not meet Non-Cost Criteria Weighted Threshold
Dynamic Fire Pty Ltd	Did not meet Non-Cost Criteria Weighted Threshold
Global Fire Pty Ltd	Did not meet Non-Cost Criteria Weighted Threshold
Highlands Fire and Safety Pty Ltd	Did not meet Non-Cost Criteria Weighted Threshold
Wormald Australia Pty Ltd	Did not meet Non-Cost Criteria Weighted Threshold

**EVALUATION COMMENTS**

**COMMENTS ON OVERALL EVALUATION OUTCOME**

The Tender Evaluation Panel was formed, and each panel member scored the non-cost selection criteria in accordance with the Procurement Initiation Plan (PIP). In accordance

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with the PIP only those tender submissions meeting the minimum non-cost selection criteria threshold of 60% were deemed to be compliant. The non-cost selection criteria threshold is a mechanism used to ensure the quality of the tenders meets an appropriate standard, and that tenders are not purely won on a price basis.

Six (6) tenders were assessed as non-compliant for failing to reach the non-cost criteria threshold. The tenders that failed to meet the non-cost criteria threshold provided generic tenders that did not demonstrate a thorough understanding of Council's specific requirements for this tender and did not comprehensively respond to the specifics of the tender specification. They scored poorly regarding the evaluation criteria 'Community and Social' and 'Specifications, Service, Support and Fit for Purpose'. Tenderers did not address the specific parts of the contract outlined in the brief. Other non-compliance issues were also identified, such as one tenderer missing components of a schedule, and another not meeting the Mandatory criteria. The overall impact of this was that the aggregate scoring of the non-compliant tenders did not meet the non-cost selection criteria threshold.

#### **COMMENTS ON RECOMMENDED TENDER SUBMISSION**

Shunique Pty Ltd provided a detailed tender submission demonstrating a thorough understanding of the scope of works. Their tender submission outlines how they will meet council's brief. They addressed specific issues identified in the brief, the various parts of the scope and the requirement for inspection and reporting of compliance of items outlined in Division 7 of Part 9 of EP&A Regulation. Shunique Pty Ltd have proposed a suitably experienced team with qualifications consistent with what is required under current Fire Safety servicing regulations.

Shunique Pty Ltd has demonstrated significant experience providing fire safety servicing for State Government Departments such as the Department of Premier and Cabinet, NSW Transit Authority, and the NSW State Archives.

The Tender Evaluation Panel considered that Shunique Pty Ltd have the capability, qualifications, and experience to complete the works and have demonstrated a comprehensive understanding of the requirements for the provision of fire safety servicing for council buildings.

In addition, Shunique Pty Ltd tender submission was 30% under Councils budget expectations for this contract.

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#### **CONSULTATION**

##### **Community Engagement**

Tenders are part of a commercial arrangement and therefore no community engagement is required.

##### **Internal Consultation**

There has been consultation with Council's Compliance officer, and with Council's Assets and Procurement teams to determine the appropriate scope for this tender.

##### **External Consultation**

There has been consultation with the FPAA (Fire Protection Association Australia), and Council officers at other councils for technical advice in relation to the scope of the tender.

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

This tender provides services which maintain the fire safety systems of council owned buildings, thereby reducing safety risks for building users, including community users.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

This tender has been conducted in accordance with Part 7 of the *Local Government (General) Regulation 2005*.

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## **RELATED COUNCIL POLICY**

Council's Procurement Guidelines have been used to inform the tender process.

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## **CONCLUSION**

It is recommended that Council award the tender to Shunique Pty Ltd.

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## **ATTACHMENTS**

There are no attachments to this report.

## **11.3 Station Street Update**

**Report Author:** Civil Design & Projects Engineer  
**Authoriser:** Manager Design, Construction and Maintenance

### **PURPOSE**

The purpose of this report is to provide Council with a progress report and to provide formal recommendations for the proposed improvement works for the Station Street Bowral renewal project following the initial investigation and design.

### **RECOMMENDATION**

#### **THAT**

- 1. Council adopt the additional scope of works as per option 3 to include the construction of a new watermain and removal of the redundant Asbestos Concrete (AC) watermain.**
- 2. Council construct the new watermain in the 2021/22 financial year and removes the existing AC watermain prior to road reconstruction works as per Council's asbestos management plan.**
- 3. Council adopt the proposed road improvement works including pavement renewal, kerb and gutter and footpath renewal, construction of the pedestrian blister crossing and associated street lighting, railway station commuter carpark upgrade, and removal of on street parking adjacent to the Camellia garden.**
- 4. Council construct the proposed road improvement works in the 2022/23 financial year following the installation of the new water main and the removal of the existing water main.**
- 5. Council make the required budget adjustment to reflect the proposed staging and additional works.**

### **REPORT**

#### **BACKGROUND**

At its meeting on 23 June 2021, Council formally considered a report outlining improvement options for Station Street Bowral following the cancellation of the Station Street Upgrade project. The report outlined recommendations on improvement works along Station Street and expected costings and timeframes for delivery of the works.

The report outlined that the scope, costing and timing of these improvements were dependant on the investigation and early design work yet to be undertaken by Council staff.



*“The pavement renewal will require full engineering survey and detailed design and construction plans prepared. Utilities will need locating and depth levels confirmed to inform the design. The design work is expected to take five to six months, depending on issues encountered during design.”*

Investigation and design works are now well underway. This report outlines these investigation works and the issues that have been identified and that are required to be addressed as the project has developed including additional proposed works and staging.

## **REPORT**

There are some key issues that have come to light following the investigation and design works undertaken since the 23 June 2021 report to Council. During the utilities locating and investigation it has become apparent that there is an AC watermain located under the road pavement in the section of Station Street that is to be rehabilitated. It is best practise to construct a new watermain outside of the road pavement and remove the existing AC watermain that is located under the road pavement. Undertaking these works will have an impact on the scope and timing of the works.

## **STATION STREET OPTIONS ASSESSMENT**

### **1. Watermain Renewal and Impacts on Road Pavement Renewal**

#### **Current Assessment**

An asbestos concrete (AC) watermain is located in the road pavement from Boolwey Street through to Merrigang Street.

The life span of an AC water main is approximately 60 years. The AC water main that is located in Station Street was installed around 1970 according to Council records. Based on this information the main is nearing the end of its useful life and is at risk of deterioration in the next 5 to 10 years. It is not recommended to install a new pavement over the top of this existing water main as there is a risk that the new pavement may be subject to having to be dug up if the water main deteriorates. In addition, there is a risk that the AC water main may burst during road construction works due to heavy machinery traversing the pipe.

For this reason, it is recommended to decommission the AC main and to replace it with a new main under the town side pathway in Station Street (under bored). Most service connections are on the town side of Station Street therefore the preference is to construct the new main on the same side as services to avoid the need for road crossings.

#### **Options**

Several options have been investigated and are outlined below.

The first option is to undertake the road works in February 2022 as proposed in the 23 June report and then undertake the water main renewal in May 2022 (subject to contractor availability). There is a risk that the AC watermain may burst during road construction works due to heavy machinery traversing the pipe. The new pavement would also be subject to watermain construction traffic and service road crossings (cut ins). Once the watermain is constructed the AC main would need to be abandoned in place and grout filled to prevent collapse. This is inconsistent with Council’s asbestos management plan which supports

exhumation of the AC pipe. It is worth noting services in the roadway attract ground water due to the porous bedding and act as a drainage line. If this water cannot get away it can pool under the road causing road failure. This supports exhumation of the pipe.

The second option is to undertake the watermain renewal in May 2022 (subject to contractor availability). Once the new watermain is constructed the AC main can be abandoned in place and grout filled. The road works would then occur in September 2022 suitable for hot mix surfacing.

The third option is to undertake the water main renewal in May 2022 (subject to contractor availability). The road works would then occur in September 2022 suitable for hot mix surfacing. As part of the road works the AC main would be exhumed (being consistent with Council's asbestos management plan).

To renew and exhume the AC watermain is estimated to cost approximately \$720,000. To renew the watermain and leave the asbestos main under the renewed pavement is estimated to cost approximately \$560,000.

### **Recommendation**

It is recommended to undertake the works as per option 3: watermain renewal in May 2022, exhume the AC watermain (as per Council's asbestos MP), then undertake the road renewal September 2022.

## **2. Camellia Garden**

Due to ongoing COVID restrictions, the consultant that has been recommended by the Bowral Garden Society has not been able to meet with Council staff until 1 November 2021. Now that this initial meeting has taken place, the development of the management plan and proposed beautification works will commence. This will include an irrigation system and restoration works on the stone wall surrounding the garden on the railway carpark side. The delay in being able to meet with the consultant may delay the commencement of these restoration works.

## **3. Bowral Railway Station Carpark (Existing adjacent Station Entrance)**

The Bowral Station Commuter Carpark has been in poor condition for some time and needs upgrade works. This carpark was not part of the initial proposed works as it is on railway land and is not maintained by Council. Following discussions with Sydney Trains resurfacing of the carpark will be considered in conjunction with the Station Street renewal works. Further investigation on the carpark pavement structure and an agreement with Sydney Trains is required to occur. The resurfacing or reconstruction works are expected to occur in conjunction with the road pavement works.

## **4. Open Channel Drainage Works**

Staff have commenced stormwater modelling of the Boolwey Street to Bowral Street stormwater catchment. During these modelling works two watermains have been found to be running through the existing stormwater drainage culverts at the railway line. Work is underway to determine how these can be dealt with as part of the proposed drainage works. Depending on the outcome of these investigations, the relocation of the watermains may

add to the works which could delay the completion of the proposed drainage works. There is currently a twelve (12) week lead time in delivering pipes and box culverts from manufacturers. If procurement of the pipes is undertaken by Council and a panel contractor is engaged to undertake the works, the drainage works could commence in May 2022.

#### **5. Summary of all works to be undertaken**

There are a number of improvements proposed for Station Street. These are split into two portions along Station Street: For the Boolwey Street to Bong Bong Street portion the following detailed works are now proposed:

- The renewal of the pavement renewal
- The renewal of the existing railway carpark
- Installation of new kerb and gutter and reconstruction of the existing trachyte kerb;
- Installation of a new footpath adjacent to Camellia Garden resulting in the loss of six carparking spaces
- Renewal of the footpath on the eastern side
- Installation of a new pedestrian crossing blister to connect to the railway carpark from the town side of Station Street resulting in the loss of three on street carparking spaces
- Installation of street lighting at pedestrian blister crossing
- Beautification of the Camellia Garden
- Restoration of the stone wall surrounding the Camellia Garden
- Retaining and pruning of the street trees
- Watermain renewal including the removal of the AC watermain.

For the Bowral St to Boolwey St portion the following works are proposed:

- Installation of stormwater drainage infrastructure to remove the open channel on the railway side of Station Street;
- Installation of stormwater drainage pipes at 37 Station Street to address inadequate drainage; and
- Extension of the existing carpark providing an extra 43 off road carparking spaces (for construction 22/23 financial year).

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

There has been no broad community engagement in relation to the proposed works as the works are in the early stages of design and investigation. A community consultation package has been prepared and following endorsement by Council the community and key stakeholder consultation will commence in the coming weeks.

### **Internal Communication and Consultation**

Staff from Design, Construction, Assets, and Delivery have all contributed to the preparation of this report. A report will need to be prepared for Traffic Committee detailing the removal of nine carparking spaces and changes to lane configuration at Merrigang Street.

### **External Communication and Consultation**

None to date.

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

The following budget allocations are required at the relevant financial quarterly review or 2022/23 budget allocation:

- Station Street Pavement Rehabilitation Preconstruction \$100,000 in 2021/22 financial year;



## AGENDA FOR THE ORDINARY MEETING OF COUNCIL

Wednesday 10 November 2021

### REPORT DIRECTOR, SERVICE AND PROJECT DELIVERY



- Station Street Watermain Renewal Construction \$720,000 in 2021/22 financial year (to be drawn down from water fund);
- Station Street Pavement Rehabilitation Construction \$2,400,000 in 2022/23 financial year;
- The Sydney Trains Commuter Carpark rehabilitation will be funded entirely by Sydney Trains and be undertaken in 22/23 financial year.

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#### RELATED COUNCIL POLICY

There are no policies relevant to this report.

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#### CONCLUSION

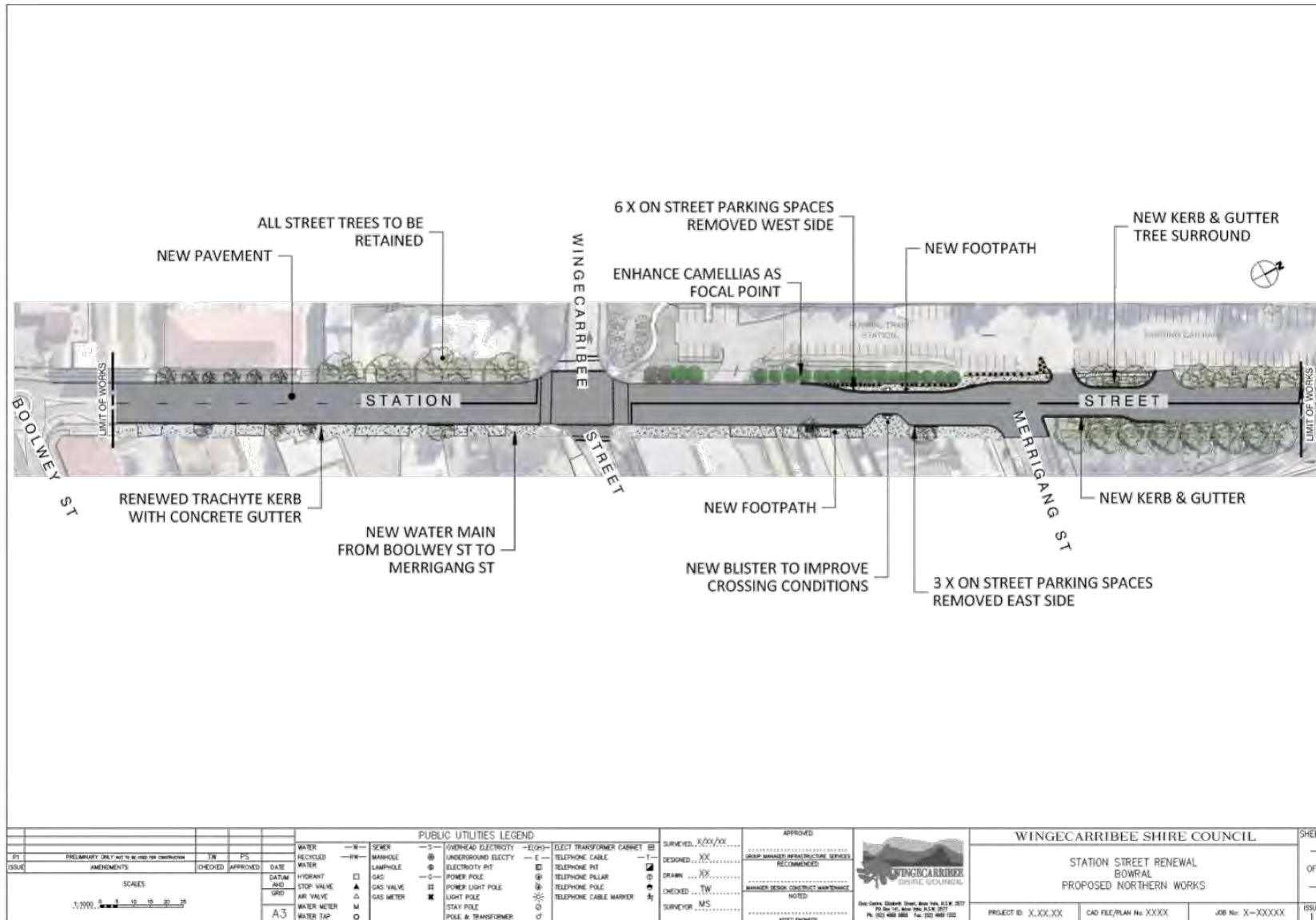
This report presents Council with formal recommendations in relation to proposed improvement works along Station Street Bowral. If approved by Council, the necessary adjustments will be made to include the works packages in the 2021/22 and 2022/23 Operational Plan and Budget.

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#### ATTACHMENTS

1. Station Street North Improvements
2. Station Street South Improvements

11.3 Station Street Update  
ATTACHMENT 1 Station Street North Improvements



REVISIONS		DATE		BY		CHECKED		APPROVED	
1	ISSUE								
2	AMENDMENTS								

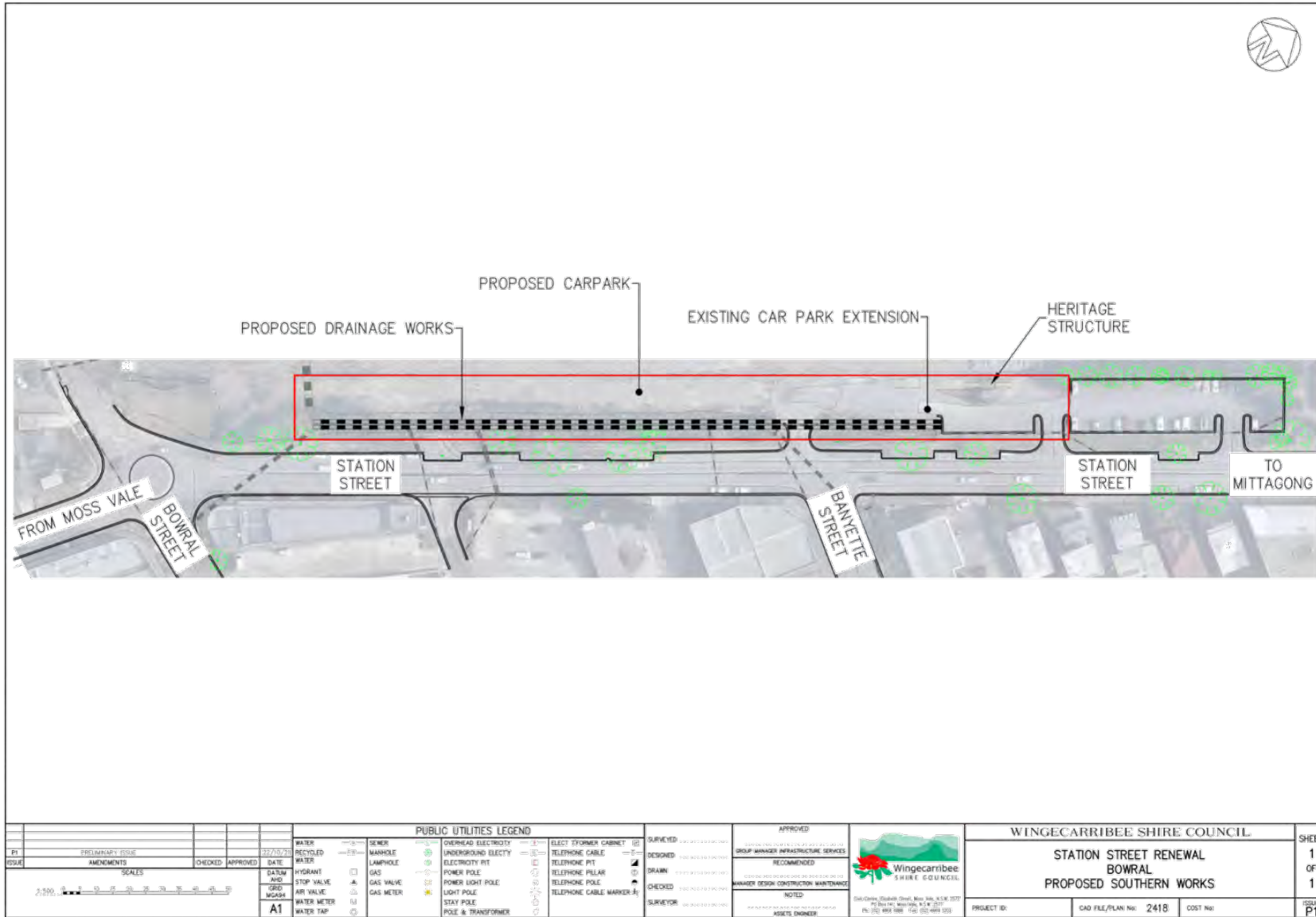
  

PUBLIC UTILITIES LEGEND									
WATER	—W—	SEWER	—S—	OVERHEAD ELECTRICITY	—(E)O—	ELECT TRANSFORMER CABINET	⊠	SURVEYED	X/XX/XX
RECYCLED WATER	—RW—	MANHOLE	⊙	UNDERGROUND ELECTRY	—E—	TELEPHONE CABLE	— —	DESIGNED	XX
		LAMPPOLE	⊕	ELECTRICITY PIT	⊖	TELEPHONE PIT	⊠	DRAWN	XX
		HYDRANT	⊠	POWER POLE	⊕	TELEPHONE PILLAR	⊕	CHECKED	TW
		STOP VALVE	▲	GAS VALVE	⊕	TELEPHONE POLE	⊕	MANAGER DESIGN	CONSTRUCT
		AIR VALVE	△	GAS METER	⊕	TELEPHONE CABLE MARKER	⊕	MAINTENANCE	
		WATER METER	⊕	STAY POLE	⊕			NOTED	
		WATER TAP	⊕	POLE & TRANSFORMER	⊕			APPROVED	

SCALES 1:1000 0 5 10 15 20 25		DATUM AND GRID A3		SURVEYOR MS		APPROVED MANAGER DESIGN CONSTRUCT MAINTENANCE		WINGECARRIBEE SHIRE COUNCIL STATION STREET RENEWAL BOWRAL PROPOSED NORTHERN WORKS		SHEET — OF — ISSUE 1
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11.3 Station Street Update  
ATTACHMENT 2 Station Street South Improvements



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## **11.4 Civic Centre Refurbishment - Termination of Contract**

**Reference:** 40133  
**Report Author:** Group Manager Capital Projects  
**Authoriser:** Director, Service and Project Delivery

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### **PURPOSE**

The purpose of this report is to inform the Council on the termination of the contract with Matrix Group Co relating to the Civic Centre refurbishment project.

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### **RECOMMENDATION**

**THAT Council note and endorse the actions of the General Manager in terminating the contract with Matrix Group Co relating to the Civic Centre refurbishment project.**

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### **REPORT**

#### **BACKGROUND**

As per Council resolution dated 11 December 2019 - MN 566/19 Council awarded the Civic Centre refurbishment project to Matrix Group Co following an extensive expression of interest and early tenderer involvement process.

#### **REPORT**

Council entered into a formal contract agreement with Matrix Group Co on 6 February 2020 for the Civic Centre refurbishment project. Numerous unavoidable delays associated with inclement weather and impacts of COVID 19 were encountered on the project, all of which were managed in accordance within the mechanisms of the contract and the appropriate extensions of time applied.

In December 2020 Council determined that the rate of progress exhibited by Matrix Group Co was not meeting expectation and via the contract provisions Council requested that they demonstrate how they would achieve scheduled progress. Matrix Group Co subsequently provided Council with a detailed program depicting how they would accelerate works to meet program and provided assurance of commitment and resources to the project.

In April 2021 it became evident that Matrix Group Co were again failing to meet scheduled progress and failing to meet contractual performance requirements. Numerous contract instructions relating to performance and meeting timeframes were issued between April and September 2021 in accordance with the provisions of Government Contracting and cooperative contracting guidelines.

During this time, Council was made aware of issues surrounding Matrix Group Co's management of subcontractors. This information along with the failure to meet performance requirements and scheduled progress are considered significant breaches of the contract and a final notice of breach was issued to Matrix providing opportunity to remedy. Matrix Group Co was not able to substantively provide a remedy to the breaches at which point under the guidance of the General Manager and legal advice, Council issued a Notice of Termination on 20 October 2021, effectively ending the contract arrangement between Council and Matrix Group Co.

Council will now Principally manage the outstanding works and defect rectification utilising existing vendor contractors and local tradespeople. Considering procurement guidelines and lead time items Council anticipates that works will be completed by the end of the year and that all works will be managed in accordance within the existing Civic Centre refurbishment budget allocation.

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## **COMMUNICATION AND CONSULTATION**

### **Community Engagement**

No community engagement was undertaken in association with this report.

### **Internal Communication and Consultation**

No internal communication or consultation was undertaken in association with this report.

### **External Communication and Consultation**

No external communications or consultation was undertaken in association with this report.

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## **SUSTAINABILITY ASSESSMENT**

- **Environment**

There are no environmental issues in relation to this report.

- **Social**

There are no social issues in relation to this report.

- **Broader Economic Implications**

There are no broader economic implications in relation to this report.

- **Culture**

There are no cultural issues in relation to this report.

- **Governance**

There are no governance issues in relation to this report.

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## **COUNCIL BUDGET IMPLICATIONS**

There are no budget implications associated with this report. Finalisation works are anticipated to be managed within the original Civic Centre refurbishment budget.

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## **RELATED COUNCIL POLICY**

Procurement guidelines

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**CONCLUSION**

Based on significant breaches of contract, Council, under the direction of the General Manager has terminated the contract agreement with Matrix Group Co relating to the Civic Centre refurbishment project effective 20 October 2021.

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**ATTACHMENTS**

There are no attachments to this report.

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Lisa Miscamble  
**General Manager**

Friday 5 November 2021