

# NOTICE OF MEETING



## AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

An Audit, Risk and Improvement Committee Meeting of Byron Shire Council will be held as follows:

Venue	<b>Conference Room, Station Street, Mullumbimby</b>
Date	<b>Thursday, 30 November 2017</b>
Time	<b>2.00pm</b>

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## CONFLICT OF INTERESTS

**What is a “Conflict of Interests”** - A conflict of interests can be of two types:

**Pecuniary** - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

**Non-pecuniary** – a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Local Government Act (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

**Remoteness** – a person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in Section 448 of the Local Government Act.

**Who has a Pecuniary Interest?** - a person has a pecuniary interest in a matter if the pecuniary interest is the interest of the person, or another person with whom the person is associated (see below).

**Relatives, Partners** - a person is taken to have a pecuniary interest in a matter if:

- The person’s spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. “Relative”, in relation to a person means any of the following:

(a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person’s spouse;

(b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

**No Interest in the Matter** - however, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

### Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
  - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or
  - (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

**No Knowledge** - a person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

### Participation in Meetings Despite Pecuniary Interest (S 452 Act)

A Councillor is not prevented from taking part in the consideration or discussion of, or from voting on, any of the matters/questions detailed in Section 452 of the Local Government Act.

**Non-pecuniary Interests** - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in S451 of the Local Government Act apply (particularly if you have a significant non-pecuniary interest)

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## RECORDING OF VOTING ON PLANNING MATTERS

### Clause 375A of the Local Government Act 1993 – Recording of voting on planning matters

- (1) In this section, **planning decision** means a decision made in the exercise of a function of a council under the Environmental Planning and Assessment Act 1979:
  - (a) including a decision relating to a development application, an environmental planning instrument, a development control plan or a development contribution plan under that Act, but
  - (b) not including the making of an order under Division 2A of Part 6 of that Act.
- (2) The general manager is required to keep a register containing, for each planning decision made at a meeting of the council or a council committee, the names of the councillors who supported the decision and the names of any councillors who opposed (or are taken to have opposed) the decision.
- (3) For the purpose of maintaining the register, a division is required to be called whenever a motion for a planning decision is put at a meeting of the council or a council committee.
- (4) Each decision recorded in the register is to be described in the register or identified in a manner that enables the description to be obtained from another publicly available document, and is to include the information required by the regulations.
- (5) This section extends to a meeting that is closed to the public.

**BYRON SHIRE COUNCIL**  
AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

**BUSINESS OF MEETING**

**1. APOLOGIES**

**2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY**

**3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS**

- 3.1 Audit, Risk and Improvement Committee Meeting held on 17 August 2017
- 3.2 Extraordinary Audit, Risk and Improvement Committee Meeting held on 12 October 2017

**4. STAFF REPORTS**

**Corporate and Community Services**

- 4.1 Update on Disaster Recovery & Business Continuity Planning at Council .....4
- 4.2 Corporate Compliance and Policy Management Audit Review - November 2017 .....9
- 4.3 Internal audit activity & progress report ..... 12

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

**Report No. 4.1 Update on Disaster Recovery & Business Continuity Planning at Council**

5 **Directorate:** Corporate and Community Services  
**Report Author:** Jessica Orr, Strategic Risk and Improvement Coordinator  
**File No:** I2017/1806  
10 **Theme:** Corporate Management  
Governance Services

**Summary:**

15 At the October 2017 Audit, Risk and Improvement Committee extraordinary meeting, a request was made for regular updates on Council's business continuity and disaster recovery planning.

20 This report provides an update on Council's approach to business continuity and disaster recovery. The content of this report is summarised from the Council report presented to the 23 November 2017 Ordinary Council Meeting item 13.1 'Review of Natural Disaster Response Protocols' in response to resolution **17-130**.

25 Since the March 2017 Ex-Tropical Cyclone Debbie disaster event, Council has undertaken a variety of activities and developed resources to facilitate an improved pre and post event response and recovery, noting that no event is ever the same.

Some of the key resources Council has in place include:

- Byron Shire Council Emergency Communications Plan
- Byron Shire Council Fact Sheet: What to do in an emergency or disaster?
- 30 • Community relationships, coordination of community organisations or volunteer groups

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**RECOMMENDATION:**

**That the Audit, Risk and Improvement Committee note work undertaken in improving Council's business continuity and disaster recovery efforts.**

**Attachments:**

- 1 Confidential - Fact Sheet - What to do in a Disaster, E2017/108201
- 35 2 Confidential - Draft Emergency Communications Plan , E2017/108202

**Report*****Council's communication protocols during an extreme weather or disaster event***

5 Council has developed an Emergency Communication Plan provided at Attachment 2 which outlines in detail how and when it will communicate with the community and staff as an event approaches and unfolds. This includes a detailed list of steps that may be taken including the platform of communication and frequency. For example, posting on social media at regular intervals, working with Customer Service to update after-hours phone messaging, regular updates  
10 of the Byron Shire Council website, Council E-news, media releases and SMS messaging alerts.

Council is continuing to investigate the use of SMS messaging to update, inform and alert residents at times of extreme weather events. It is also worth noting that the SES manages this process and is investigating improvements to its system.

15 As a disaster or emergency event unfolds, Council will continue to liaise with Emergency Services and recognised providers of relevant information such as the SES, RFS, Bureau of Meteorology and ABC radio (as the local emergency services broadcaster), to provide the broadest possible coverage of an event.

20 To address the high workload in the communications area approaching, during and after a disaster event, Council acknowledges that additional resources may be required. Managers are asked to reallocate their staff where possible to provide customer service or communications assistance during a disaster event, where their core duties are not essential. This will be a decision of the  
25 Crisis Management Team (CMT). The CMT is outlined on the pack page of the **attached** internal fact sheet on what to do in a disaster.

***Council's infrastructure during the flood event and in preparation for future disaster events***

30 Council's road networks and assets performed as designed and received minimal damage in comparison to the size of the event.

Council has investigated the flexibility of increasing the opening hours at the Myocum Resource and Recovery Centre within Environment Protection Agency (EPA) operation licence. The EPA  
35 have advised it will be lenient on licence conditions and regulation of waste management facilities in response to flood clean-up operations, thus enabling extended operating hours at the Byron Resource Recovery Centre. Staff will maintain open communication with the EPA in the lead up and recovery phases of future events to facilitate any clean-up operations.

40 Post the March 2017 flood event, Council staff have undertaken tender processes to establish panels of providers for plant hire (in collaboration with Tweed Council who also had a similar issue in response to the flood) and garden waste/tree clearing services. This provides Council with the ability to immediately engage a number of local contractors, at a predetermined plant hire rate, to conduct clean-up works in a disaster event.

45 In the lead up to any future potential event, staff will contact contractors to ensure availability and immediate response if required. Experience from the March 2017 flood has shown that contractors will have capacity to provide necessary plant as they generally cannot perform their core construction activities during/post significant wet weather events.

50

***Council's approach to supporting the community***

The Northern Rivers region is still in the flood recovery phase from the March 2017 Ex-Tropical Cyclone Debbie events. Council is in contact with various community and government

organisations concerning the ongoing recovery and learning efforts, taking into account scope for improvement and partnering into the future.

5 A series of regional forums were held in Byron Bay in June 2017, with service providers and the volunteer sector participating three focus groups in the homelessness, community services and mental health sectors. A Regional Action Plan was developed, which assisted in securing Community Recovery Funding from Office of Emergency Management.

10 A regional learning from the March 2017 flood event is the need for strong coordination of community volunteers in order to maximise the impact of community good will and avoid duplication and ensure residents affected by natural disaster receive clear messaging in relation to assistance. Council is working with key service providers to develop a local community response protocol which will include the development of a mechanism to effectively harness community volunteers in relation to provision of support for disaster affected residents.

15 The State Emergency Service (SES) presented to Councillors at the 9 November Strategic Planning Workshop as part of the debrief process. This presentation outlined community preparedness for future natural disasters including the potential formation of 'Community Action Teams' (CATs) as part of forward planning and responsiveness to flood events in local communities.

20 It is anticipated that the formation of a 'Community Action Team' (CATs) would allow the region to harness the supportive spirit of the community in the preparation and response phase (as is the case with the Mud Army example in the recovery phase) in coordinating volunteers and support initiatives as an event unfolds and in the recovery phase. This is part of a broader community discussion and Council will receive updates as it progresses. The CATs would be coordinated by SES community liaison officers with Council involvement. Council is likely to be requested to assist with resourcing certain emergency or disaster equipment, currently being discussed to assist local communities.

30 **SES debrief**

35 SES representatives attended the Councillor's strategic planning workshop on 9 November to present on key lessons learnt arising from Ex-Tropical Cyclone Debbie weather event and the ongoing recovery efforts in the region. The SES highlighted a number of local, regional and state outcomes that have been realised out of this event and that action is being taken on. SES held nine post-flood forums across the region.

40 Key SES outcomes from the forums and the Independent Review of the NSW State Emergency Service Operational Response - Northern Rivers Floods March 2017 report from Dave Owens include:

- Review operational readiness, including local and regional resources, training, skills register and availability for deployment;
- 45 • Consider implementation of a triage procedure for flood rescues, in consultation with other Emergency Services for a standardised risk based approach to flood rescue;
- Formalise new process for the issuing of Evacuation Orders into Policy;
- Liaise with the appropriate NSW Government Agencies to ensure stronger linkages are forged at a local level between emergency responders, local councils and community development professionals; and
- 50 • Become a recognised authority for land use planning purposes, having greater involvement in floodplain development with Local Councils and that their input is mandatory before any consent by council is given in flood planning areas.

**Role of Councillors**

A learning from the March event was to identify specific role for Councillors during an event.

5 During an event, Councillors will receive regular updates from the CMT as information becomes available (this is articulated in the internal fact sheet on ‘what to do in an emergency’). The Emergency Communications Plan highlights that during an event or emergency, the media spokespeople for Council are the Mayor, General Manager and Council’s Local Emergency Management Officer.

**Next steps**

15 Council is continuing to develop its business continuity / disaster recovery resources internally for the organisation and externally to support the Byron Shire community and the Council services during an emergency or disaster. Council is currently investigating software options to support a business continuity and disaster preparedness framework.

20 Council will take a lead role and work with Office of Emergency Management to develop a data collection tool and will support the community service sector to understand and utilize the tool as soon as a natural disaster is declared. Council will continue to play a lead role in advocating for community payments and grants in the wake of natural disasters and will, where appropriate, submit grant funding applications, or support key organisations to do so.

25 As noted staff will hold a workshop with Councillors in early 2018 to articulate ‘what to do in an emergency’.

A Regional Community Recovery Plan will be delivered by December 2018.

**30 Financial Implications**

Where Council seeks to further develop its business continuity and disaster recovery plan framework and software, this may require additional funding from across business units. Currently there is \$10,000 available in the 2017/2018 Budget.

35 In relation to national disaster relief funding, the Office of Emergency Management has recently confirmed that mitigation and betterment funding will form a part of the new arrangements. Under the new system the “like for like” requirement will be removed and councils will be able to add their own funding for betterment to reconstruction and repair projects. This was previously not permitted. The criteria for spending these funds are still being clarified with the Commonwealth. The Policy for how NSW will distribute this funding is still under consideration.

40 It is anticipated that the implementation of the emergency communications plan will be accommodated within existing budget allocations.

**45 Statutory and Policy Compliance Implications**

Local Government NSW actively represents council interests in dealing with the NSW and Australian Governments on the range of issues concerning emergency management.

50 The *State Emergency and Rescue Management Act 1989* (NSW) outlines emergency management obligations at the local level in Division 3 of the Act. This includes outlining the functions of the Local Emergency Management Committees and providing for where 2 or more local government areas agree (with the approval of the Minister) they will be permitted to combine

their emergency management arrangements, such is the case with the combined Tweed-Byron Local Emergency Management Committee.

**Report No. 4.2 Corporate Compliance and Policy Management Audit Review - November 2017**

**Directorate:** Corporate and Community Services

**Report Author:** Jessica Orr, Strategic Risk and Improvement Coordinator

5 **File No:** I2017/1807

**Theme:** Corporate Management  
Governance Services

10 **Summary:**

Council's Internal Auditors, O'Connor Marsden and Associates (OCM), conducted an internal audit review of Corporate Compliance and Policy Management during November 2017.

15 This report has been prepared to table the Internal Audit Corporate Compliance and Policy Management Review Report (#E2017/108208) prepared by OCM included at Attachment 1.

20 This Report includes the findings made by OCM and responses from Council's Management to the findings.

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**RECOMMENDATION:**

1. **That the Audit, Risk and Improvement Committee note the Corporate Compliance and Policy Management internal audit review report.**
2. **That the Audit, Risk and Improvement Committee request that management implement the recommendations made in the report identified as Attachment 1 (#E2017/108208).**

**Attachments:**

- 1 Confidential - Internal Audit Report - Corporate Compliance & Policy Mgmt OCM, E2017/108208

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**Report**

5 Council’s Internal Auditors, OCM, undertook an Internal Audit review of Corporate Compliance and Policy Management during November 2017. This review was part of the adopted Internal Audit Plan for Council.

10 The purpose of this report is to table the “Corporate Compliance and Policy Management Audit Review Report – November 2017” for consideration by the Audit, Risk and Improvement Committee. A copy of the report is attached at Attachment 1.

15 The report includes the findings made by OCM and management response. All findings, risk ratings and agreed management actions have been discussed and agreed with key stakeholders. Each finding has been categorised as either an Internal Control issue (IC) or a performance Improvement Opportunity (IO). All findings have also been given a Finding Risk Rating (classification in Appendix D of the attached report) to indicate to management the significance of the finding and the attention required to reduce its probability and/or impact.

During the internal audit, evidence of better practice of corporate compliance and policy management was noted, which included:

- 20 • Council representatives interviewed indicated that they had a strong corporate compliance culture;
- Council has documented many of its corporate compliance obligations into its Policies and Procedures;
- 25 • For many of its policies and procedures Council provides training to Councillors and its workforce to ensure that they understand the importance of those specific corporate compliance obligations. Key examples include the induction process, changes to payroll awards, and code of conduct; and
- Council staff members work with specialised local government networks to stay abreast of changes to corporate compliance requirements.

30 Three audit findings were given an overall risk rating of ‘Medium’ as described below.

Impact on Objectives	Impact on Specific Business Area (to guide assessment)	Action required
<p><b>Medium</b> Some important business objectives can no longer be achieved.</p>	<p><b>Financial</b> ⇒ \$250 - \$1m recurrent reduction in operating budget, one of loss of \$1m - \$3m  <b>Environmental</b> ⇒ Serious medium-term effects on built and natural environment from single incident  <b>Reputation</b> ⇒ Concerns from broad section of residents, major local media coverage  <b>Service Disruption</b> ⇒ Key activities disrupted for between 3 – 7 days  <b>Human</b> ⇒ Minor breach in safety legislation, short duration lost time injury requiring minor medical treatment and claims</p>	<p><b>Periodic Monitoring:</b> Risks inherently assessed as being moderate risk may be tolerated subject to Management review. Ensure system and processes controls are such that the risk is a low as is reasonably practicable and that due diligence systems are established so that appropriate corporate governance processes can be demonstrated to be in operation.</p>

35 The below table outlines the main findings from the corporate compliance and policy management internal audit review. The confidential detailed report provided at Attachment 1 identifies the agreed management actions, responsible person and a timeline for completion (see ‘agreed management actions’ at 2.1 and 2.2).

Detailed Finding #	Finding	Issue Type (IC/IO)	Rating as per Appendix D
2.1	<i>Corporate Compliance Framework</i>	IC	Medium
2.2	<i>Prioritising compliance obligations</i>	IC	Medium
2.3	<i>Improvements to integrity controls</i>	IO	Medium

**Financial Implications**

The conduct of the internal audit was within allocated budget.

5 There may be financial implications resulting from the implementation of the recommendation from the Internal Auditor, which will be met from existing budgets or, where required, reported to Council for the allocation of budget, to implement the recommendation or actions determined as a result of any investigation.

10 **Statutory and Policy Compliance Implications**

This Review was undertaken in accordance with the adopted Internal Audit Strategy and Audit Plan.

**Report No. 4.3**                    **Internal audit activity & progress report**  
**Directorate:**                    Corporate and Community Services  
**Report Author:**                Jessica Orr, Strategic Risk and Improvement Coordinator  
**File No:**                         I2017/1814  
5    **Theme:**                         Corporate Management  
    Governance Services

**Summary:**

10    This report presents the Internal Audit Activity Report - November 2017 prepared by the Internal Auditor, O'Connor Marsden and Associates (OCM).

15    The activity report contains outstanding recommendations from each audit review conducted during 2013 – 2017 by Council's previous internal audit provider. Moving forwards it will include the outstanding recommendations from future audit reviews.

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**RECOMMENDATION:**

**That the Audit, Risk and Improvement Committee note the Internal Audit Activity Report – November 2017.**

**Attachments:**

20    1      Confidential - Internal Audit Activity Report - November 2017, E2017/108209

**Report**

The Internal Audit Activity Report has been prepared by OCM and includes status of planned activities in the recently adopted internal audit plan.

5

OCM has completed the first item of the 2017/2018 Internal Audit Plan:

- Corporate Compliance and Policy Management Internal Audit.

10

Three medium risk findings were identified which related to:

- Corporate compliance framework;
- Prioritising corporate compliance obligations; and
- Improvements to integrity controls.

15

*Outstanding recommendations and status update*

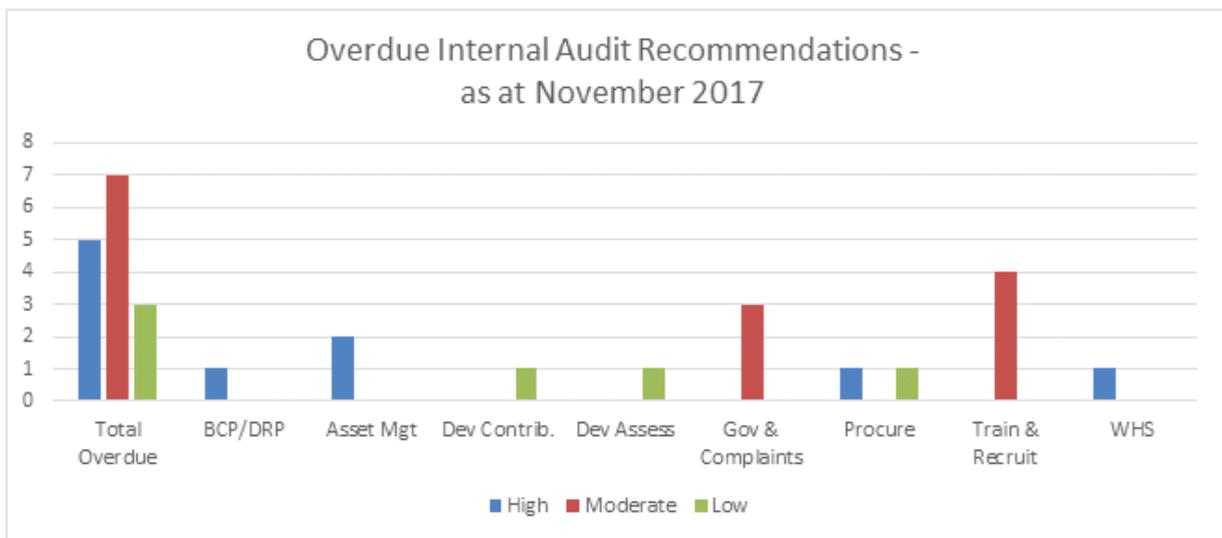
The below table reflects the overdue internal audit recommendations from 2013 – 2017. OCM have developed this information in working with management to understand the status of previously raised internal audit recommendations which remain outstanding. The work in this period focused on the internal audit findings ranked as “High”.

20

Staff have updated the status of the outstanding recommendations at November 2017.

Appendix C of the attached report provides a status update on the outstanding recommendations from previous audit review reports.

25



**Financial Implications**

30 The audit program is being carried out within allocated budgets.

**Statutory and Policy Compliance Implications**

This Activity Update was undertaken in accordance with the adopted Internal Audit Strategy and Audit Plan.

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