

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	Conference Room, Station Street, Mullumbimby
Date	Thursday, 19 August 2021
Time	11.30am

Vanessa Adams
Director Corporate and Community Services

Distributed 12/08/21

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 Code of Conduct for Councillors (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 the Code of Conduct for Councillors.

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.

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 of the provisions in the Code of Conduct (particularly if you have a significant non-pecuniary interest)

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 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
BUSINESS OF MEETING

1. APOLOGIES

2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

- 3.1 Adoption of Minutes from Audit, Risk and Improvement Committee Meeting
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ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

Report No. 3.1 Adoption of Minutes from Audit, Risk and Improvement Committee Meeting 20 May 2021

5

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

File No: I2021/1158

10

RECOMMENDATION:

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 20 May 2021 be confirmed.

15

Attachments:

1 Minutes 20/05/2021, Audit, Risk and Improvement Committee, I2021/800 , page 7 [↓](#)

20

BYRON SHIRE COUNCIL

ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

Report

The attachment to this report provides the minutes of the Audit, Risk and Improvement Committee Meeting of 20 May 2021.

5 Report to Council

The minutes were reported to Council on 24 June 2021.

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

**Report No. 4.1 Annual Legislative Compliance Status
Report 2020-2021**

5 **Directorate:** Corporate and Community Services
Report Author: Mila Jones, Governance Coordinator
File No: I2021/1127

Summary:

10 This report presents an update on Council’s compliance with legislative reporting requirements for the 2020-2021 financial year.

RECOMMENDATION:

15 **That the Audit, Risk and Improvement Committee notes Council’s compliance with legislative reporting requirements as of 30 June 2021.**

Attachments:

20 1 Legislative Compliance Reporting - Status 2020-2021, E2021/91380 , page 16 [↓](#)

Report

This report outlines Council’s compliance with legislative reporting requirements for 2020-2021 and identifies any instances of non-compliance and the corrective action taken.

Council’s Legislative Compliance Reporting Register provides:

- 5
 - a system to retrospectively report on compliance.
 - a systematic approach to the compliance calendar produced by the Office of Local Government but also includes various other reporting obligations including those required of environmental planning licences, Government Information (Public Access) Act, Protection of the Environment Operations Act and others.

- 10 The register itself will not ensure compliance however, it provides a tool to ensure Council takes a systematic and comprehensive approach to reviewing and reporting on compliance.

Non-compliant actions

- 15 As of 30 June 2021, the status report at Attachment 1 identifies that there were two non-compliant items from our 108 registered legislative reporting requirements for the full financial year 2020 to 2021. These two items are:

Report	Legislation	Due	Risk	Action taken/to be taken
Council is required to submit an annual return of land and stock to Local Land Services (for Lot 1 Dingo Lane)	S 58 of the Local Land Services Act 2013	31 August 2020	Low	Report completed and submitted on 18 May 2021
Long Term Financial Plan must be updated as part of the development of the Operational Plan	s 405(1) of the Local Government Act 1993	30 June 2021	Low	Council's Long Term Financial Plan is currently being rolled into a new software tool. Finalisation of this process and the required documentation is underway.

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STRATEGIC CONSIDERATIONS

Community Strategic Plan and Operational Plan

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
Community Objective 5: We have community led decision making which is open and inclusive	5.6	Manage Council's resources sustainably	5.6.10	Use business insights and strategic business planning to continuously improve (SP)	5.6.10.2	Maintain the register and provide status reports on corporate legislative compliance reporting and monitor for currency and non-compliance issues.

Legal/Statutory/Policy Considerations

5 This report meets the requirements of the Office of Local Government's proposed Risk Management and Internal Audit Framework, and Council's Corporate Compliance Framework.



Financial Considerations

Nil

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Consultation and Engagement

This status report was presented to the Executive Team on 11 August 2021 following consultation with relevant managers and staff for the completion of this status update.

**Report No. 4.2 Delivery Program 6-monthly Report and
2020/21 Operational Q4 Report - to 20 June
2021**

Directorate: Corporate and Community Services

5 **Report Author:** Heather Sills, Corporate Planning and Improvement
Coordinator

File No: I2021/1234

Summary:

10 Council's Operational Plan outlines the projects and activities to achieve the commitments
in its four-year Delivery Program. In accordance with the *Local Government Act 1993*
progress reports must be provided at least every six months.

15 This report represents the second '6-monthly edition' of the Quarterly Report, providing an
additional reporting layer regarding Council's progress toward the higher-level actions of
the Delivery Program. It is also the final report of the 2020/21 Operational Plan and details
the outcome of the activities that were planned for delivery in the 2020/21 financial year.

Council achieved 79% of the Operational Plan activities planned for 2020/21.

20 **RECOMMENDATION:**

**That the Audit, Risk, and Improvement Committee notes the Delivery Program 6-
monthly Report and 2020/21 Operational Plan Fourth Quarter Report for the period
ending 30 June 2021 (Attachment 1 #E2021/97874).**

Attachments:

25 1 Delivery Program 6-Monthly Report and Operational Plan Quarterly Report - Q4 - to 30 June
2020, E2021/97874 , page 31 [↓](#)

Report

The Delivery Program and Operational Plan are two key corporate documents that establish Council’s goals and priorities for the term of the Council and the current financial year.

- 5 The Delivery Program (4-year) outlines the principal activities to be undertaken to implement the strategies established by the Community Strategic Plan (10-year), within the resources available under the Resourcing Strategy. All plans, projects, activities, and funding allocations must be directly linked to this program.

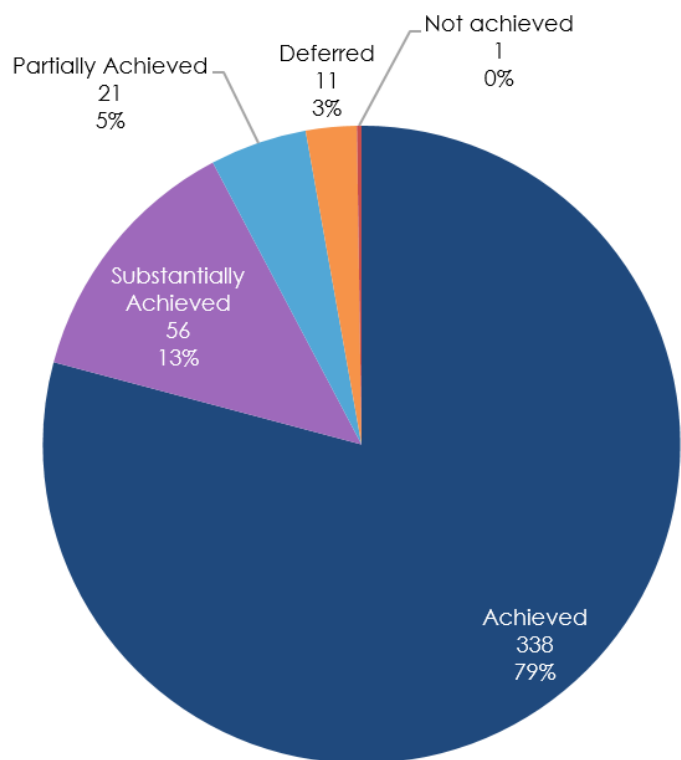
- 10 The Delivery Program is supported by the annual Operational Plan, which identifies the individual projects and activities that will be undertaken for the year to achieve the commitments made in the Delivery Program.

The General Manager is required to provide six monthly progress reports to the Council on the progress toward the delivery program, in accordance with the *Local Government Act 1993* s404.

15 2020/21 Operational Plan Activities

- 20 As this is the last quarter report for the 2020/21 financial year, this report details Council’s achievement of the activities in the 2020/21 Operational Plan. Overall, Council achieved 79% of planned activities against the measures in the plan. This compares to 78% during 2019/20. Some activities were not fully achieved and/or deferred as a direct result of COVID-19 restrictions. Further detail on individual activities and their impact is provided in detail in the report.

- 35 13% of activities were substantially achieved, meaning they were significantly progressed but not finalised, while 5% were partially achieved, 3% deferred, and one activity was not achieved.

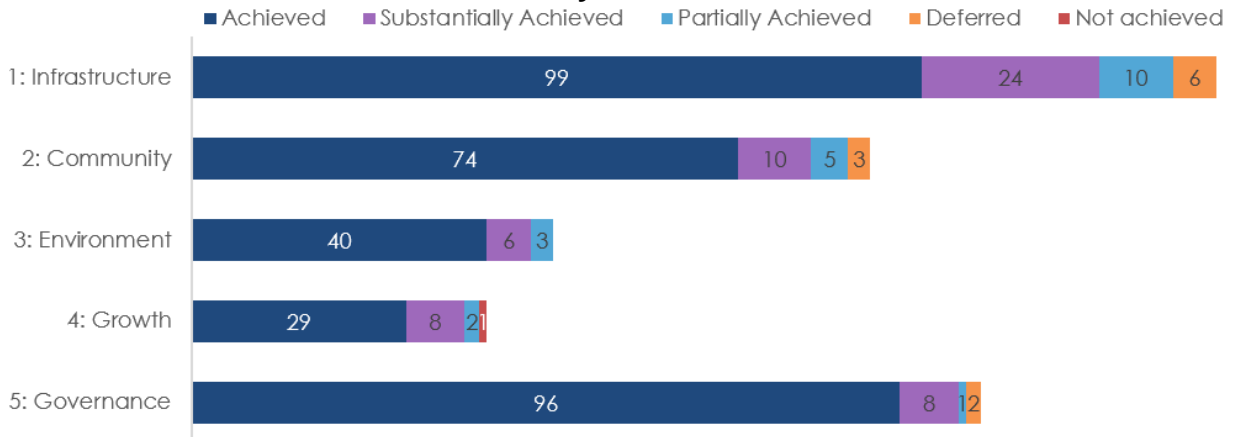


Strategic Objectives

The report (#E2021/97874) is structured by the five ‘Our Byron, Our Future’ Community Strategic Plan 2028 objectives:

- 5 • Community Objective 1: We have infrastructure, transport and services which meet our expectations
- Community Objective 2: We cultivate and celebrate our diverse cultures, lifestyle and sense of community
- Community Objective 3: We protect and enhance our natural environment
- 10 • Community Objective 4: We manage growth and change responsibly
- Community Objective 5: We have community led decision making which is open and inclusive

Result by CSP Theme



15 Report Details

The report details Council’s achievement of the activities in the 2020/21 Operational Plan. It includes a status update on progress and notes any highlights or exceptions where actions were delayed or reprioritised.

Each section notes the progress against the activities including:

- 20 • Activity
- Responsible directorate
- Measure
- Timeframe
- Comments
- 25 • Status
 - Achieved
 - Substantially achieved
 - Partially achieved
 - Deferred
 - 30 ○ Not achieved

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
Community Objective 5: We have community led decision making which is open and inclusive	5.2	Create a culture of trust with the community by being open, genuine and transparent	5.2.1	Provide timely, accessible and accurate information to the community	5.2.1.2	Continuous improvement of corporate planning and reporting process

Legal/Statutory/Policy Considerations

5 The General Manager is required under Section 404 (5) of the *Local Government Act 1993* to provide regular progress reports as to the Council’s progress with respect to the principal activities detailed in the Delivery Program/Operational Plan. Progress reports must be provided at least every six months.

Financial Considerations

10 Council’s financial performance for the reporting period is addressed in the Quarterly Budget Review, which is the subject of a separate report included in this business paper.

Consultation and Engagement

The development of the Delivery Program was informed by extensive engagement around the Community Strategic Plan and specifically a Community Solutions Panel on infrastructure priorities.

15 The progress reports on the Operational Plan and Delivery Program are published on Council’s website as a way of ensuring transparency around how Council is progressing activities and actions.

Report No. 4.3 AASB1059 - Service Concession Arrangements: Grantors

Directorate: Corporate and Community Services

Report Author: James Brickley, Manager Finance

5 **File No:** I2021/1241

Summary:

This report is provided to the Audit, Risk and Improvement Committee (ARIC) to consider the position on the application of AASB1059 – Service Concession Arrangements: Grantors to the financial statements of Byron Shire Council.

10 AASB1059 is a new Accounting Standard that may have application to Council for the 2020/2021 financial year. This report outlines the intent, applicability and any disclosure requirements for the financial statements of Council for ARIC to consider with a recommendation in regard to AASB1059 in terms of Council's proposed position on disclosure in the financial statements.

15

RECOMMENDATION:

20 **That the Audit, Risk and Improvement Committee consider the requirements of AASB1059 Service Concession Arrangements: Grantors and confirm that the requirements of AASB 1059 have no application to Byron Shire Council and therefore no disclosure obligations in the financial statements.**

Attachments:

25 1 AASB1059 Service Concession Arrangements: Grantors guidance document, E2021/99982 , page 215 [↓](#)

Report

5 AASB1059 Service Concession Arrangements: Grantors is a new Accounting Standard applicable for the 2020/2021 financial year that Council must consider in regards to any disclosure requirements in the financial statements. This report outlines the intent, applicability and any disclosure requirements in the financial statements of Council for ARIC to consider with a recommendation in regard to AASB1059 in terms of Council's proposed position on disclosure in the financial statements.

10 AASB1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective ie Council.

15 AASB1059 applies to arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. An arrangement within the scope of AASB1059 typically involves an operator constructing the assets used to provide the public service or upgrading the assets (for example, by increasing their capacity) and operating and maintaining the assets for a specified period of time. Such arrangements are often described as build-operate-transfer or rehabilitate-operate-transfer service concession arrangements or public-private partnerships (PPPs).

AASB 1059 requires Council to:

20 (a) recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset. The grantor controls the asset if the grantor controls or regulates the services the operator must provide with the asset, to whom it must provide them and at what price, and if the grantor controls any significant residual interest in the asset at the end of the term of the arrangement;

25 (b) reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;

30 (c) initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate,

35 except as specified in this Standard;

(d) recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator. The liability is recognised using either or both of the following models:

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4.3

- 5 (i) the financial liability model – this model applies where the grantor has an obligation to deliver cash or another financial asset to the operator for the delivery of the service concession asset. This model requires the grantor to allocate the payments to the operator under the contract and account for them according to their substance as payments relating to the liability recognised or charges for services provided by the operator; and
- 10 (ii) the grant of a right to the operator model – this model applies where the grantor grants the operator the right to earn revenue from third-party users of the service concession asset. This model requires the grantor to recognise a liability reflecting the unearned portion of the revenue arising from the exchange of the assets between the grantor and the operator. The grantor recognises revenue over the period of the service concession arrangement according to the substance of the arrangement and reduces the liability as the revenue is recognised; and
- 15 (e) disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements, by considering the disclosure of information such as the following:
- (i) a description of the arrangements;
- 20 (ii) significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows;
- (iii) the nature and extent of the grantor’s rights and obligations (such as rights to receive specified services and assets from the operator, and obligations to provide the operator with access to service concession assets or other revenue-generating assets) and renewal and termination options; and
- 25 (iv) changes in arrangements during the reporting period.

Application of AASB 1059

30 NSW Treasury have issued a guidance document for State Agencies and Departments in regards to AASB1059. Whilst Councils were not specifically the target for the guidance document, the NSW Office of Local Government is of the view the guidance document is of use for Councils in assessing the implications of AASB 1059. This document is produced at Attachment 1.

The guidance document indicates from the outset a service concession as an arrangement that involves an operator that:

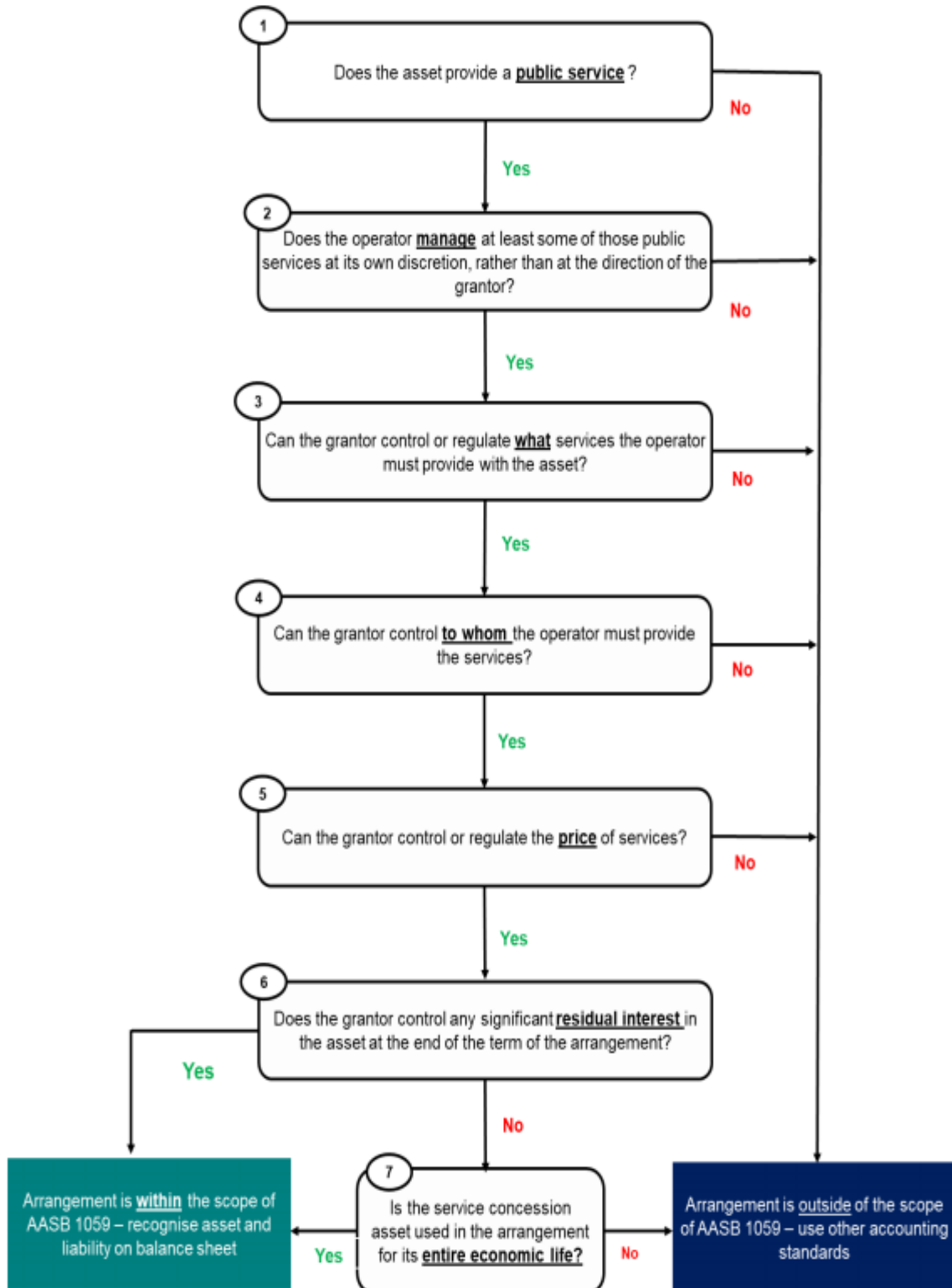
- 35
- Provides public services related to service concession asset on behalf of the grantor (Council) and
 - Managing at least some of those public services at the operator’s own discretion rather than at the direction of the grantor (Council).

Examples of arrangements could be:

- Childcare
 - Aerodromes
- 5
- Aged Care
 - Social Housing
 - Sports Centres
 - Swimming Pools
 - Tips and other waste services.
- 10
- If reference is made to the activities of Byron Shire Council, most public service activities are conducted in house by Council. As at 30 June 2021, there are only a few activities where Council utilises a private operator. These activities are:
- Contract Management of Council's two swimming pools
 - Contract Management of Council's two holiday parks
- 15
- Waste collection

The guidance document has developed a decision tree to assist the application of AASB1059 as follows:

Figure 1 Decision tree to help navigate AASB 1059



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4.3

If consideration is given to the activities identified above for Council, the following outcomes utilising the decision tree are considered relevant:

Holiday Parks

5 Council operates two holiday parks located at Byron Bay and Suffolk Park. Council utilises the services of an operator to manage the Parks under a Management Agreement. Council determines the park rules and sets the prices for people using the parks.

10 Using the decision tree, at point 1, does the asset provide a public service? It is suggested the answer to that would be no given a public service is considered to be expected to be provided by a public sector entity in accordance with government policy or regulation. In respect of holiday parks that is not the case. Whilst Councils may operate holiday park(s), there are also many private holiday parks so it is suggested Council having a holiday park is not a specific public service. Holiday parks are certainly not within the specific realm of Council as outlined in the Local Government Act 1993 as to the charter of Councils. On this basis AASB1059 would not apply.

15 Swimming Pools

20 Council operates two swimming pools located at Byron Bay and Mullumbimby. Council utilises the services of an operator to manage the pools under a Management Agreement. Council sets the prices for use of the pools. Whilst the pools could be considered a public service given Councils traditionally operate swimming pools but there are also private commercial pools.

25 Using the decision tree, at point 2, does the operator provide at least some of the public service at its discretion. Given Council has a management agreement in place for both pools, Council is effectively directing the operator how to operate the pool. In that regard the operator is simply an agent on behalf of Council and therefore would require permission to make alternatives decisions impacting the operations of the pool. This then would place the operation of the pools outside the scope of AASB 1059 and therefore it would not apply.

Waste Collection

30 Council utilises an operator to collect kerbside waste from ratepayers properties. Waste collection would be considered a public service but the nature of the waste collection contract is that the operator must provide the assets and resources to provide the service. Remembering the scope of AASB1059 is from the perspective of the Council as the grantor not the operator and given Council does not control/own the assets and resources of the operator under the waste collection contract, no public service asset exists. In this
35 regards again AASB 1059 would not apply.

Based on the assessment outlined in this report, Council is of the view that AASB1059 has no application to or disclosure impacts in regards to the 2020/2021 financial statements. The recommendation proposed for the Audit, Risk and Improvement Committee to

consider is to seek agreement with this position or alternatively determine an alternate view.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
Community Objective 5: We have community led decision making which is open and inclusive	5.5	Manage Council's finances sustainably	5.5.2	Ensure the financial integrity and sustainability of Council through effective planning and reporting systems (SP)	5.5.2.2	Complete annual statutory financial reports

5 Legal/Statutory/Policy Considerations

Council is defined as a reporting entity and therefore must comply with the requirements of applicable accounting standards issued by the Australian Accounting Standards Board. Further as stipulated in the Local Government Act 1993, Council must comply with the requirements of the Local Government Code of Accounting Practice and Financial Reporting updated annually by the NSW Office of Local Government.

Financial Considerations

Any disclosure requirements relating to AASB 1059 in the financial statements have been outlined in the report above. There is not expected to be any additional cost to Council to consider the implications and application of this new Accounting Standard over and above any applicable current budget allocations.

**Report No. 4.4 NSW Auditor-General Annual Work Program
2021-2024**

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

5 **File No:** I2021/1292

Summary:

To provide the Audit, Risk, and Improvement Committee (ARIC) with the NSW Auditor-General's Annual Work Program for 2021-2024.

10

RECOMMENDATION:

That ARIC note the NSW Auditor-General's Annual Work Program for 2021-2024 at Attachment 1.

15 **Attachments:**

1 Auditor-General Audit Program 2021-2024, E2021/100974 , page 260 [↓](#)

Report

5 Byron Shire Council was provided with the NSW Auditor-General's Annual Work Program 2021-2024 (the Program) on 6 August 2021 (**Attachment 1**). It details the proposed audit Program for NSW Government agencies, local councils, and universities. The Program provides a section for audits for local councils (on pages 36-38 of **Attachment 1**), however, it also notes that local councils may be asked to provide documentation to support other audits related to the activities of NSW Government agencies (for example the outcomes of grant programs where local councils were grant recipients).

10 The Program states that the Auditor-General may adjust the Program to respond to emerging issues.

The local councils proposed to be subject to audit by the Auditor-General are not identified in the Program.

Key issues

The Program identifies the following audits for selected local councils:

15 2021-22

1. Effectiveness of financial management and performance in selected local councils
2. Development assessment processes in local councils: assessment stage
3. Coastal management

2022-2024

- 20
4. Road asset management
 5. Cyber security
 6. Precinct planning (also in the department of planning, industry and environment audit) (note: this is focused on growth in Sydney)
 7. Managing the Code of Conduct
- 25
8. Performance Management and Monitoring
 9. Audits of issues within a particular council

The internal audit plan proposed by Council's internal auditors currently provides for an internal audit of Cyber security in quarter 3 of 2021-22, and development assessments in 2023-2024.

Next steps

ARIC to consider if it has any feedback on the Program that it wishes to provide to the Office of the Auditor-General. ARIC may also wish to consider if any changes are warranted to Council’s proposed internal audit plan as a result of the Program.

5

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
Community Objective 5: We have community led decision making which is open and inclusive	5.6	Manage Council’s resources sustainably	5.6.7	Develop and embed a proactive risk management culture	5.6.7.4	Implement Internal Audit and External Audit recommendations as appropriate
Community Objective 5: We have community led decision making which is open and inclusive	5.6	Manage Council’s resources sustainably	5.6.7	Develop and embed a proactive risk management culture	5.6.7.5	Coordinate the Audit Risk and Improvement program

10 **Consultation and Engagement**

General Manager, Executive Director Corporate and Community Services, and Manager Finance.

**Report No. 4.5 Audit, Risk and Improvement Committee
Performance Assessment**

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

5 **File No:** I2021/1297

Summary:

10 The Chair of the Audit, Risk, and Improvement Committee (ARIC) would like members to reflect on the performance of, pursuant to the obligation under clause 10 of the constitution provided at (**Attachment 1**), in order for ARIC to formally consider a report at its next meeting.

RECOMMENDATION:

15 **That ARIC members consider its performance in accordance with the requirements of the ARIC constitution (Attachment 1) and prepare a report for the next ARIC meeting.**

Attachments:

20 1 Audit, Risk, and Improvement Constitution, E2021/101269 , page 304 [↓](#)

Report

The Chair of the ARIC would like members to reflect on the performance of the ARIC in order to meet its obligation under clause 10 of the ARIC constitution:

- 5 *The Chair of the Committee shall initiate a review of the performance of the Committee annually. The review shall be conducted on a self-assessment basis (unless otherwise determined by the Chair), with appropriate input from management and any other relevant stakeholders, as determined by the Chair.*

The Chair has requested members reflect on the following questions with respect to performance ahead of the meeting on 19 August 2021:

- 10
1. What is effective
 2. What is not working
 3. Where we would like to see more/less involvement of the ARIC
 4. What should be the standing items (if any)*

* Current standing items include:

- 15
- Legislative compliance monitoring and reporting
 - Policy Register
 - Enterprise Risk Management
 - Business Continuity
 - Cyber Security
- 20
- Fraud and Corruption Control
 - Financial Statements
 - Delegations
 - Integrated Planning and Reporting
 - Service Delivery Review (only as required)
- 25
- Performance Review
 - Internal Audit Plan
 - Internal Audit Review
 - External Audit Plan

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.5

- External Audit Engagement Plan
 - External Audit Activity Report
 - Year End Audit Management Letter
 - Committee Performance Review
- 5
- Committee Calendar

A copy of the ARIC constitution is attached (**Attachment 1**).

Next steps

It is recommended that the ARIC prepare a formal self-assessment report for tabling at the next ARIC meeting.

10

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	L2	CSP Strategy	L3	DP Action	L4	OP Activity
Community Objective 5: We have community led decision making which is open and inclusive	5.6	Manage Council's resources sustainably	5.6.7	Develop and embed a proactive risk management culture	5.6.7.5	Coordinate the Audit Risk and Improvement program

Consultation and Engagement

Chair, ARIC.

Report No. 5.1 **CONFIDENTIAL - Risk Management Update**

Directorate: Corporate and Community Services

5 **Report Author:** Alexandra Keen, Audit, Risk & Improvement Coordinator

File No: I2021/1097

Summary:

This report presents an update on Council's risk registers for the quarter ending 30 June 2021.

10

RECOMMENDATION:

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Risk Management Update.
- 15 2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
- 20 3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

Risk management

Attachments:

- 1 Risk Register Reports for Q4 -June 2021, E2021/88532
- 25

Report No. 5.2 **CONFIDENTIAL - 2020-2021 Continuous Improvement Pathway Program**

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

5 **File No:** I2021/1106

Summary:

To provide the Audit, Risk, and Improvement Committee with a copy of Council's Continuous Improvement Program (CIP) 2020-21 self-assessment workbook results.

10 **RECOMMENDATION:**

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report 2020-2021 Continuous Improvement Pathway Program.

15 2. That the reasons for closing the meeting to the public to consider this item be that the report contains:

a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property

3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

20 **Risk assessment**

Attachments:

1 Byron - 2020-2021 CIP Report, E2021/86609

25

Report No. 5.3 CONFIDENTIAL - Internal Audit Report - June 2020-21

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

5 **File No:** I2021/1192

Summary:

This report presents the Internal Audit Status Report for quarter 4 – June 2021 prepared by Council and the previous Internal Auditor, O'Connor Marsden and Associates (OCM). The report is at Confidential Attachment 1 (E2021/95033).

10 This status report contains the remaining recommendations from each audit review conducted by Council's previous internal audit provider as well as recommendations from recently completed audit reviews.

15 This report also presents the Internal Audit of Procurement (Tendering) – June 2021 completed by OCM. The report is at Confidential Attachment 2 (E2021/76376). This audit received a review rating of 3 - Weak and it identified one high and four medium rated issues.

RECOMMENDATION:

20 1. That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Internal Audit Report - Quarter 4 2020-21.

2. That the reasons for closing the meeting to the public to consider this item be that the report contains:

25 a) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it

3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

nature and content of internal audit report is for operational purposes only.

Attachments:

- 30
- 1 OCM Internal Audit Status Report, E2021/95033
 - 2 OCM Internal Audit of Procurement (Tendering), E2021/76376

Report No. 5.4 **CONFIDENTIAL - Cyber Security and System Outages Quarterly Update**

Directorate: Corporate and Community Services

Report Author: Colin Baker, Manager Business Systems and Technology

5 **File No:** I2021/1196

Summary:

This report provides a summary of cyber security incidents and IT service outages during the period 1 April to 30 June 2021.

No unauthorised intrusions were detected in Council's on-premise systems.

10 A cyber security incident was identified in a cloud hosting service used for the publishing of agenda and minutes information to the public. The vendor identified and remediated the breach without any impact to the service or the public.

A power outage to Council's administration building resulted in all staff having limited access to internal IT systems for one morning.

15

RECOMMENDATION:

- 20
1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Cyber Security and System Outages Quarterly Update.
 2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
 - 25 3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

Exposes security risk and vulnerabilities that could assist unauthorised threats to Council's information and systems.

Attachments:

30

- 1 ARIC Security Incident Report 2021 Q2, E2021/95614
- 2 ARIC Incident Outage Report 2021 Q2, E2021/95613

Report No. 5.5 CONFIDENTIAL - Internal Audit Plan 2021-2024

Directorate: Corporate and Community Services

Report Author: Alexandra Keen, Audit, Risk & Improvement Coordinator

File No: I2021/1096

5 **Summary:**

To provide the Audit, Risk, and Improvement Committee with the proposed three-year internal audit plan (2021-2024) for endorsement and recommendation to Council.

RECOMMENDATION:

- 10 1. That pursuant to Section 10A(2)(d)i and (f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report Internal Audit Report Actions and Plan 2021-2023 - August 2021.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
- 15 a) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it
- b) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
- 20 3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

nature and content of the internal audit plan report is intended for operational purposes and to manage risk.

Attachments:

- 25 1 Internal Audit Plan 2021-2024, E2021/97611

Report No. 5.6 **CONFIDENTIAL - External Audit Actions Quarter 4 2020-2021 Update**

Directorate: Corporate and Community Services

Report Author: James Brickley, Manager Finance

5 **File No:** I2021/1246

Summary:

This report provides an update on the audit matters raised in the 2020 External Audit Year End Management Letter, the 2020 External Audit Interim Management Letter and the 2019 External Audit Year End Management Letter for the quarter ending 30 June 2021.

10

RECOMMENDATION:

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolve to move into Confidential Session to discuss the report External Audit Actions Quarter 4 2020-2021 Update.
- 15 2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
 - a) details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property
- 20 3. That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as:

Nature and content of audit reports is for operational purposes and report details information about Council systems, controls and processes.

Attachments:

- 25 1 External Audit Activity Report Quarter 4 2021 reported to ARIC 19 August 2021, E2021/100193