

# 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, 18 May 2023
Time	11.30am

Esmeralda Davis  
Director Corporate and Community Services

I2023/704  
Distributed 04/05/23



**BYRON  
SHIRE**

---

---

## 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)

**Committee members are reminded that they should declare and manage all conflicts of interest in respect of any matter on this Agenda, in accordance with the [Code of Conduct](#).**

---

---

## 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.

---

---

## OATH AND AFFIRMATION FOR COUNCILLORS

Councillors are reminded of the oath of office or affirmation of office made at or before their first meeting of the council in accordance with Clause 233A of the Local Government Act 1993. This includes undertaking the duties of the office of councillor in the best interests of the people of Byron Shire and the Byron Shire Council and faithfully and impartially carrying out the functions, powers, authorities and discretions vested under the Act or any other Act to the best of one's ability and judgment.

# 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 Minutes of the Audit, Risk and Improvement Committee Meeting held 16 February 2023 ..... 6

### 4. STAFF REPORTS

#### Corporate and Community Services

- 4.1 Implementation of the OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW ..... 8
- 4.2 Performance Measurement - Outcomes Measurement Framework ..... 17
- 4.3 Priority Projects..... 25
- 4.4 Fraud and Corruption Control Policy..... 43
- 4.5 Draft Risk Management Policy and Risk Management Strategy ..... 46

### 5. CONFIDENTIAL REPORTS

#### Corporate and Community Services

- 5.1 CONFIDENTIAL - Q2 & Q3 Risk Report - October 2022 to March 2023 ..... 50
- 5.2 CONFIDENTIAL - Internal Audit Report Quarter 3 2022-2023 including Food Safety and Swimming Pools Review ..... 51
- 5.3 CONFIDENTIAL - 2022-2023 External Audit Engagement Plan ..... 53
- 5.4 CONFIDENTIAL - External Audit Actions Quarter 3 2022-2023 Update..... 54

### 6. LATE REPORTS

### 7. FOR INFORMATION ONLY

- 7.1 CONFIDENTIAL - Cyber Security and IT System Outages Quarterly Update .. 55
- 7.2 Service Reviews: The "I" in ARIC ..... 56
- 7.3 Fraud and Corruption Control Update..... 61
- 7.4 Draft Operational Plan 2023/24 ..... 65
- 7.5 Items for discussion as requested by ARIC members ..... 68

**ADOPTION OF MINUTES FROM PREVIOUS MEETINGS**

**Report No. 3.1      Minutes of the Audit, Risk and Improvement Committee Meeting held 16 February 2023**

5    **Directorate:**                      Corporate and Community Services  
**Report Author:**                  Mila Jones, Governance and Internal Audit Coordinator  
**File No:**                              I2023/304

10

---

**RECOMMENDATION:**

**That the minutes of the Audit, Risk and Improvement Committee Meeting held on 16 February 2023 be confirmed.**

15

# BYRON SHIRE COUNCIL

## ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1

### **Report**

The unconfirmed minutes of the Audit, Risk and Improvement Committee Meeting of 16 February 2023 are available on Council's website and can be viewed at this [link](#).

### **Report to Council**

- 5 The minutes were reported to and adopted by Council on 23 March 2023. Council endorsed all the Committee's recommendations at resolutions [23-066 to 23-069](#).

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

**Report No. 4.1      Implementation of the OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW**

5

**Directorate:** Corporate and Community Services  
**Report Author:** Mila Jones, Governance and Internal Audit Coordinator  
**File No:** I2023/387

**Summary:**

10 The Office of Local Government (OLG) has approved their [Guidelines for Risk Management and Internal Audit for Local Government in NSW](#) (Guidelines) as advised in their [Circular to Councils 22-41](#). This report presents a roadmap for the implementation of all key elements of the Guidelines as they relate to Council.

15 This report also presents the draft internal audit charter as prescribed by the OLG, which was reported to the Audit, Risk and Improvement Committee meeting on 16 February 2023 but deferred to a later meeting.

---

20 **RECOMMENDATION:**

**That the Audit, Risk and Improvement Committee:**

1. **Notes the status of the implementation of the OLG Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW.**
2. **Endorses that the draft Internal Audit Charter (Attachment 1 E2022/127884) be reported to Council for adoption.**

25

**Attachments:**

- 1 DRAFT Internal Audit Charter - February 2023, E2022/127884 

30



# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Core Requirement	Date for compliance	Achieved?	Plan to Achieve
<ul style="list-style-type: none"> <li>• Committee required to operate in accordance with terms of reference adopted by Council, based on the approved Model Terms of Reference contained in the Guidelines</li> <li>• Membership requirements:                             <ul style="list-style-type: none"> <li>- One independent chair, and at least two or more other persons as voting members of the Committee, who must meet the independence and eligibility criteria specified in the Guidelines.</li> <li>- Optional one non-voting Councillor as a member, who satisfies the eligibility criteria for Councillor members specified in the Guidelines</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>• Reduce current membership by one Councillor and remove voting rights from that remaining Councillor and ensure eligibility criteria is met – 1 July 2024 for new term of Council</li> <li>• When advertising for a new Chair and independent members, ensure expression of interest includes the independence and eligibility requirements as provided in the Guidelines – 1 July 2024 for new term of Council</li> </ul>

### 2. Risk Management

Core Requirement	Date for compliance	Achieved?	Plan to Achieve
<p><b>Each Council must implement a risk management framework that is consistent with current Australian standards for risk management.</b></p> <p>Councils are to ensure their risk management framework complies with the Guidelines.</p> <p>Council's General Manager has responsibility for implementation of the Council's risk management framework.</p> <p>The ARIC must keep the implementation of the Council's risk management framework under review and provide advice to the council on its implementation.</p>	1 July 2024	Yes	<p>Achieved</p> <p>Current risk management framework under active review</p>

**3. Internal Audit Function**

Core Requirement	Date for compliance	Achieved?	Plan to Achieve
<p><b>Each Council 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.</b></p> <p>Council's must have an internal audit function to keep under review the Council's operations and risk management and control activities. Councils are to ensure their internal audit function complies with the Guidelines.</p> <ul style="list-style-type: none"> <li>• Each Council's internal audit activities are required to operate in accordance with a charter adopted by the Council, based on the approved Model Internal Audit Charter contained in the Guidelines</li> <li>• A Council's internal audit activities are to be undertaken under the oversight and direction of the ARIC</li> <li>• The General Manager has administrative responsibility for internal audit (per s355 of the Act)</li> <li>• A staff member of the Council is required to be appointed to direct and coordinate internal audit activities for the Council.</li> <li>• The head of an in-house, or outsourced, internal audit function must be a Council</li> </ul>	<p>1 July 2024</p>	<p>Partly</p>	<p>Charter and four yearly strategic assessment requirements will be achieved, once the draft Internal Audit Charter is endorsed by the ARIC and adopted by Council, and the first four yearly assessment is undertaken at the end of this council term</p> <p>Draft Charter to be endorsed by ARIC and adopted by Council</p> <p>Achieved</p> <p>Achieved</p> <p>Director Corporate and Community Services Governance and Internal Audit Coordinator</p> <p>Director Corporate and Community Services</p>

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Core Requirement	Date for compliance	Achieved?	Plan to Achieve
<p>employee and cannot be outsourced.</p> <ul style="list-style-type: none"> <li>- The head of an in-house internal audit function needs to report to the general manager or a sufficiently senior role in the Council that ensures the internal audit function fulfils its responsibilities. However the head of an outsourced internal audit function does not have this requirement.</li> <li>• The member of staff is to report functionally to the ARIC regarding internal audit activities and is not to be subject to direction in the performance of internal audit activities by anyone other than the ARIC. The head of an outsourced internal audit function will, in practice, primarily be a coordination and administrative role. The head of an outsourced function also reports functionally to the ARIC.</li> <li>• All internal audit personnel (in-house or outsourced) must 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</li> <li>• The General Manager is required to consider the views of the chair of the Council's ARIC before making any decision affecting the employment of the staff</li> </ul>			<p>Since Council currently outsources the internal audit function, the head of the function is not required to be a member of staff reporting to the General Manager or a senior role.</p> <p>Director Corporate and Community Services</p> <p>Achieved (Council currently outsources the internal audit personnel)</p> <p>Noted, per Regulation (section TBA – not yet assented to)</p>

## BYRON SHIRE COUNCIL

### STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

Core Requirement	Date for compliance	Achieved?	Plan to Achieve
<p>member appointed to direct internal audit activities</p> <ul style="list-style-type: none"> <li>The ARIC is required 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.</li> </ul>			<p>To be undertaken at the end of the current term of Council</p> <p>(Needs to consider tendering timeframes for establishment of new contract)</p>

#### Further Requirement - Attestation

Requirement	Date for compliance	Achieved?	Plan to Achieve
<p>Councils will be required to publish their Risk Management and Internal Audit attestation certificates commencing with their 2024-2025 annual report.</p> <p>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.</p> <ul style="list-style-type: none"> <li>The attestation is to indicate whether, during the preceding financial year, the council's ARIC, risk management framework and internal audit function complied with the Guidelines.</li> <li>The details of each member of the Council's ARIC must also be included in the attestation statement.</li> </ul>	<p>Commencing with the 2024-2025 Annual Report</p>	<p>Not yet required</p>	<p>Will be included in the 2024-2025 Annual Report</p>

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

### Internal Audit Charter

5 The proposed draft Internal Audit Charter was reported to the ARIC at their meeting on 16 February 2023 however the matter was “deferred to a subsequent meeting”. The Charter (Attachment 1) is based on the [Model Internal Audit Charter for Local Government](#) which has been developed by the Office of Local Government for use by Councils to assist them in implementing the Guidelines. The attached document includes the following suggested additions provided by members of the Committee since February 2023.

### Suggested changes and management feedback

Suggested by	Suggested change	Management feedback
Bernard Grinberg	<p>1. Page 1, 2<sup>nd</sup> para include full extract:  <i>‘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’</i>”</p> <p>2. Page 1, 5<sup>th</sup> para, add red text:  <i>The internal audit function reports functionally to the Council’s audit, risk and improvement committee on the internal audit program, audit scopes and the results of completed audits...</i></p>	Agreed
Cr Alan Hunter	<p>Page 2, add red text:  <i>...The internal audit function is to also play an active role in:</i></p> <ul style="list-style-type: none"> <li>• <i>developing and maintaining a culture of accountability and integrity</i></li> <li>• <i>monitoring council’s performance against agreed pre-determined benchmarks</i></li> <li>• <i>facilitating the integration of risk management into day-to-day business activities and processes, and</i></li> <li>• <i>promoting a culture of high ethical standards.</i></li> </ul>	<p>This is primarily a responsibility of Council and management, with ARIC giving assurance that processes are in place to do so.</p> <p>There may be instances where benchmarking is appropriate and, if so, this may be included in the scope of the particular review.</p>

Councils must adopt by resolution, an internal audit charter that is consistent with the model, and Byron Shire Council currently does not have one. It's proposed that the draft be reported to Council for adoption.

## Strategic Considerations

### 5 Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.2: Engage and involve community in decision making	1.2.4: Advisory Committees - Coordinate advisory committees to inform decision making on their areas of expertise	1.2.4.2	Coordinate the Audit Risk and Improvement Committee and internal audit program including reporting

## Legal/Statutory/Policy Considerations

[S428A Local Government Act 1993](#)

[OLG Guidelines - Risk Management and Internal Audit for Local Government in NSW](#)

## Alignment with ARIC Responsibilities

10 This report has been prepared to support the committee in fulfilling its responsibilities as set out in the Constitution, and in particular:

### 5.9. Internal Audit

- a) Provide overall strategic oversight of internal audit activities
- b) Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit
- c) Coordinate, as far as is practicable, the work programs of internal audit and other assurance and review functions
- d) Review and advise Council:
  - on whether the Council is providing the resources necessary to successfully deliver the internal audit function
  - if Council is complying with internal audit requirements, including conformance with the International Professional Practices Framework
  - if Council's Internal Audit Charter is appropriate and whether the internal audit policies and procedures and audit/risk methodologies used by Council are suitable
  - of the strategic four-year plan and annual work plan of internal audits to be undertaken by Council's internal audit function

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.1

- 5
- 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
- 10

### **Financial Considerations**

Nil with this report

### **Consultation and Engagement**

15 The implementation roadmap was presented to the Executive Team on 25 January 2023 for endorsement to provide it to the ARIC on 18 May 2023.

The draft Internal Audit Charter was first presented to the ARIC at their meeting on 16 February 2023.

**Report No. 4.2 Performance Measurement - Outcomes Measurement Framework**

**Directorate:** Corporate and Community Services

**Report Author:** Heather Sills, Manager Corporate Services

5 **File No:** I2022/1899

**Summary:**

10 In partnership with the Centre for Social Impact, UNSW (CSI) Council has developed an outcomes measurement framework to embed meaningful, robust measurement practices, as is now required of local government through IP&R legislation (Local Government Act s406). The framework was developed through a collaborative partnership between Council and the Centre for Social Impact (CSI)/University of NSW.

The 'indicators' developed through this process were endorsed by Council with the adoption of the CSP and DP in June 2022.

15 This report presents the *Outcomes Measurement Framework* to ARIC, to support ARIC in carrying out its duties and responsibilities, in relation to section 5.8 of its Constitution:

*5.8. Collection of Performance Measurement Data by Council*

*a) Review whether management has adequate performance indicators and data to measure performance.*

20 The report provides significant detail around the process and rationale for the development of the framework and an overview of the existing data sources and performance measures which have been embedded in the Outcomes Measurement Framework, to provide the ARIC with additional context. It also outlines some of the key challenges for performance measurement in the Local Government sector, including commentary on past and planned NSW Audit Office reports.

25 The *Outcomes Measurement Framework* provided in Attachment 1 is the supporting documentation which outlines the purpose, process, and application of the framework.

30

---

**RECOMMENDATION:**

**That the Audit, Risk, and Improvement Committee notes the Outcomes Measurement Framework provided in Attachment 1 (E2022/126119).**

**Attachments:**

35

1 Corporate Performance Measures - Outcomes Measurement Framework - Final, E2022/126119 

### Report

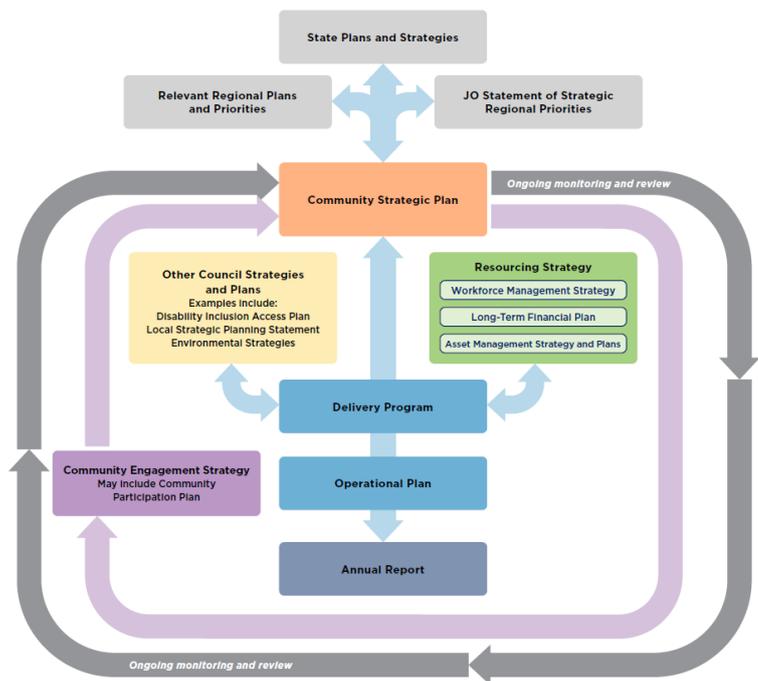
5 The Centre for Social Impact, UNSW (CSI) was contracted in 2021/22 to work in partnership with the Byron Shire Council to develop an outcomes framework that reports the success of the incoming Council. The project was initiated to develop a robust performance measurement framework that can be used to evaluate success and priorities for Council between 2022-26. The framework measures Council’s effectiveness in bringing about positive change and its delivery of the desired outcomes identified by the community, in the Community Strategic Plan.

10 A NSW Audit Office report [Council Reporting on Service Delivery](#) (2018) demonstrated that the methodology of a performance measurement framework needs to be robust, with clearly defined measures, data sources, baselines, targets and above all, consistency. The measures and results should be publicly available to enhance accountability and designed in such a way that both inform decision-making and help communities understand how  
15 efficiently and effectively services are being delivered.

### Community Strategic Plan

20 Leading the Council’s planning hierarchy, the Community Strategic Plan (CSP) captures the community’s vision, aspirations, and expectations for the future. It identifies key social, economic, and environmental priorities and long-term strategies to achieve these goals over the next 10 years.

30 It is important to develop an assessment system that tests the quadruple bottom line – social, environment, economic and civic leadership.



### Delivery Program

35 The delivery program translates the community strategic plan goals into actions. It is each newly elected Council’s commitment to the community, outlining what it intends to do toward achieving the goals of the CSP during its term of office. It becomes the single point of reference for all principal activities undertaken by Council. All plans, projects, activities and funding allocations must be directly linked to the four-year delivery program.

40 At Delivery Program level, the focus is on outcomes. In this regard it is important to spell out exactly what Council hopes to achieve by implementing the Program, and how it aligns

with the CSP. Throughout this project, consultation and indicator selection were guided by the following questions:

- What are the anticipated results?
- What change do we want to see?
- 5 • How will we know we've arrived at our goal?

## Process

### *Initiation – Understanding Byron and its priorities*

As part of understanding Council's measurement activities and available sources of data for the outcomes framework, an initial review was conducted on Council's standard reporting requirements and data availability. This included:

- A stocktake of recent and current data collection and reporting mechanisms used by Council
- Outcomes reported by Council were aligned against the [Social Progress Index](#) (SPI) and [Sustainable Development Goals](#) (SDG) frameworks
- 15 • Outcomes were operationalised and gaps in measurement were identified

### *Community consultation to develop a Byron Shire outcomes framework*

The role of CSI was to support Council in the measurement of progress on the Council's Delivery Program as aligned with the Community Strategic Plan. To do this, a series of consultations were conducted with both Council and Byron community members:

- 20 • Workshops conducted with Council units, Executive Team, and Early Adopters to identify data sources, indicators for success, and alignment of existing data sources to potential outcome measures
- Participation in Community Strategic Plan Community Workshops – proposing structure and methodology integration of the SPI as a way of measuring outcomes, and identifying indicators of success
- 25

### *Secondary data identification*

Drawing on outcomes and data sources that had been identified, further secondary data sources that could be aligned with the revised Community Strategic Plan and the Delivery Program were considered. Indicators and their data sources needed to be available at the Byron Shire Local Government Area (LGA) granularity, and to represent the outcomes of the Delivery Program (or use reasonable proxy outputs such as number of website visits as an indicator of engagement).

To support community engagement and shared understandings of the outcomes, an 'indicator narrative' was drafted for each of the Delivery Program priorities. The narrative links the priorities to the broader CSP objectives and strategies, and how the indicator can be used to understand program success.

### *Framework development and indicator definitions*

A draft outcomes framework that is aligned to each of the CSP Strategies and their associated Delivery Programs was drafted and revised following feedback from the

Executive Team. This included drafting of guiding questions to inform the outcome used, the identification of existing data sources (Council, other government agency, or other), and alignment with both SDG and SPI framework components.

5 The Outcomes Measurement Framework, including definitions and data sources, is available at Attachment 1.

## Performance Measures

10 Data collection and outcomes measurement should complement or build on existing work, rather than add to it. It is not a practical recommendation to suggest an entirely new set of indicators for measurement, as the financial and social budgets to collect more data are limited. Instead, opportunities to build on or utilise existing methods of data collection are prioritised.

An overview of the existing data sources and performance measures that have been embedded in the Outcomes Measurement Framework is provided in the following sections and include:

- 15
- Community Satisfaction Survey
  - Local Government Performance Excellence Framework
  - Mandatory reporting requirements
  - Other sources

### Community Satisfaction Survey

20 Council measures community satisfaction by an independent survey every 2-years and it is drawn on extensively in the adopted outcomes framework. The Community Survey is important as:

- the survey's sample size is statistically valid and demographically and geographically representative of the Shire
- 25 • it is an independent, randomised survey, unaffected by the bias that skews results of opt-in and non-randomised self-report systems
- it provides a robust, representative view of community satisfaction with key Council services

30 However, the community satisfaction survey has some limitations including:

- due to cost, it is run only every two years, and does not measure all Council services, just those identified as most important by community
- self-reported items can provide additional context but are not currently collected as part of the community satisfaction survey (due to cost limitations)
- 35 • it, generally, does not measure services provided by other levels of government that influence outcomes for people living in the Shire.

So, in addition to the satisfaction measures, the Outcomes Measurement Framework also includes other outcome measures, such as personal wellbeing and safety measures.

40 Going forward, a challenge for all governments will be that many established outcome indicators are focused on measuring outcomes for individuals, rather than the outcomes experienced or reported by the broader community as a collective.

## Local Government Performance Excellence Program

5 In 2014, as an industry-driven initiative, the Local Government Performance Excellence Program (PEP) was developed by LG Professionals NSW, PwC and foundation councils, which included Byron Shire. Each year since, Council has participated in the PEP, which has continued to improve, in terms of scope, breadth of participants (increasing the available benchmarking) and both the data collection and reporting systems.

The PEP covers the areas of Workforce, Finance, Operations, Service Delivery, Corporate Leadership and Asset Management.

10 The main purpose of the PEP is to help Council to compare its performance against its own results over time. Through the Local Government Performance Excellence Program, we now have 9 years of industry performance and benchmarking data

15 Furthermore, the PEP contains comparative benchmarking, within local government and with private business, drawing on PwC's extensive data analytics experience. Where there are no local circumstances that influence services, the data can be used to benchmark council performance against industry averages. An example is the workforce diversity or leave balance results.

In addition to those measures which have been embedded in the Outcomes Measurement Framework, the PEP data is used by Byron Council in a variety of ways, including:

- 20
- identifying improvement opportunities;
  - informing the IP&R Workforce Strategy and workforce policy settings;
  - using the regional NOJO window to identify and act on regional opportunities;
  - lobbying, for example it is used extensively as supporting data for lobbying on matters related to tourism and infrastructure funding, by comparing service
- 25
- performance between different areas relative to tourist numbers;
  - informing independent service reviews;
  - supporting grant and other applications, e.g. the SRV application used PEP data.

## Mandatory and Other Reporting Measures

30 Council is already collecting a vast amount of data as part of its quality control and monitoring processes and for mandatory reporting purposes. Many of these data sources are outputs (e.g., number of km's of road repaired in the past year; number of visits to Council's website). Output data alone is usually not sufficient to evaluate the effectiveness of a programs implementation. However, select output indicators can be used as so-called 'proxy outcome indicators' that can provide additional interpretation to outcome indicators

35 such as satisfaction scores.

Proxy output indicators have been chosen strategically and clearly communicate how the indicator is contributing to understanding the outcomes of the Council's Delivery Plan or demonstrating the factors that led to changes in community satisfaction scores.

40 There is also range of statistically valid and reliable data already available in open-source platforms such as data.gov.au and the Australian Bureau of Statistics, among others.

Utilising these existing data sources reduces the burden on council to collect data for performance measurement purposes.

## Challenges

Performance measurement is necessary for the governance of any complex system.

- 5 Following the NSW Audit Office report [Council Reporting on Service Delivery](#) (2018) the OLG incorporated performance measurement requirements into the IP&R framework, however, did not accompany these requirements with any guidance or support to assist councils in implementing these requirements.

- 10 The lack of a defined performance measurement framework has left the onus on individual councils to determine how to appropriately measure and report on their success. While this enables greater flexibility in responding to the unique circumstances for each community it has led to an inconsistent approach to performance measurement across NSW councils in their respective IP&R documents. While some councils continue to report only on the output of its activities, many are moving progressively toward outcome measurement. This
- 15 type of measurement provides a deeper insight into a council's progress toward achieving its community's objectives.

- The disparity between the approaches taken by individual councils offers little opportunity for comparative analysis. Some comparative information on NSW councils is available via [Your Council NSW](#). The 'Your Council' website presents the OLG timeseries data visually
- 20 so that it can be more easily interpreted and understood. Presenting the data in this way makes it more accessible, enhances reporting practices, and provide greater accountability to community.

- A further related NSW Audit Office audit on the [Regulation and monitoring of local government](#) is expected to be tabled in May 2023. The objective of this audit is to assess
- 25 whether DPE (OLG) is effectively monitoring and regulating the NSW local government sector under the Local Government Act 1993. The audit will focus on the effectiveness of arrangements in place for DPE (OLG) to undertake its regulatory functions, and whether DPE (OLG) has effective mechanisms to respond to risks and issues relating to council compliance and performance.

- 30 The potential for the Outcomes Framework to be used as assessing 'failures' of a Council over its term is an understandable concern. A common refrain used in public management is 'what gets measured gets managed' – and may support Council in advocating for greater support from State and Federal Governments or other funders. Indicators that can provide appropriate insights that align with the CSP should be reported to support
- 35 transparency and engagement in the Byron Shire community. Having an agreed narrative and providing the contextual background for why an indicator did not change as expected – and what actions Council did take during its term to address the issue – may be an adequate compromise.

- The [Audit Office of NSW](#) has further included Performance Management and Monitoring in their schedule of planned audits for 2023-2025, recognising that Councils need to be
- 40 transparent and accountable to the public about their operations and performance, and ensure they deliver in line with community expectations. It could also examine how the

OLG has supported councils through the development of a performance measurement framework and delivered direct support to rural councils.

**Monitoring and Reporting on the Outcomes Measurement Framework**

5 The General Manager is required to provide six monthly progress reports to the Council on the progress toward the Delivery Program, in accordance with clause 4.9 of the Integrated Planning and Reporting Guidelines: *“The general manager must ensure that progress reports are provided to the council, with respect to the principal activities detailed in the Delivery Program, at least every 6 months.”*

10 While the requirement is six monthly reporting, the Council is provided with a Quarterly Report on the activities in the Operational Plan, to promote effective and efficient reporting and decision making. The Q2 and Q4 reports contain an additional level of reporting, providing an update on progress toward the priorities in the Delivery Program. Reporting on the Outcome Measurement Framework will be included in this 6-monthly Delivery Program Report. ARIC had previously received this report quarterly at the same time as  
15 Council, however, have since requested this be replaced by an annual report instead.

The outcome measures will also be included in the Annual Report, provides an overview of the work undertaken by council in a given year to deliver on the commitments of the Delivery Program via that year’s Operational Plan.

**Strategic Considerations**

20 **Community Strategic Plan and Operational Plan**

<b>CSP Objective</b>	<b>CSP Strategy</b>	<b>DP Action</b>	<b>Code</b>	<b>OP Activity</b>
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.4: Performance Measurement and Reporting - Embed a robust performance management system through the development of an outcomes measurement framework	1.1.4.1	Use the outcomes measurement framework to strengthen the Delivery Program reporting

**Recent Resolutions**

- **22-332** – adoption of the Delivery Program 2022-26
- **22-335** - adoption of the [Byron Shire Community Strategic Plan 2032](#)

## Legal/Statutory/Policy Considerations

The requirements for Integrated Planning and Reporting are governed by [Sections 402-406](#) of the Local Government Act 1993.

- 5 [Section 403](#) requires that a council must have a long-term resourcing strategy for the provision of the resources required to perform its functions. The resourcing strategy includes the long term financial plan, asset management strategy, and workforce management strategy.

[Section 404](#) requires that a council must have a 4-year delivery program detailing the principal activities to be undertaken within available resources.

- 10 [Section 405](#) outlines the Operational Plan requirements including public exhibition and timeframes.

Detailed requirements are outlined in the Integrated Planning and Reporting [Guidelines](#) and [Handbook](#).

## Alignment with ARIC Responsibilities

- 15 This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

### 5.8. Collection of Performance Measurement Data by Council

- a) Review whether management has adequate performance indicators and data to measure performance.

## 20 Financial Considerations

The project was delivered within budget.

## Consultation and Engagement

Council completed several engagement activities prior to and during the partnership with CSI:

- 25
- 2020: Community Satisfaction Survey
  - May 2021: Youth Say Program
  - September 2021: Vision Refresh (online feedback, visioning workshop)
  - October 2021: Survey input on CSP relevance and priorities for the next 10 years
  - November 2021: Workshops with community members for feedback on refreshed vision
- 30
- December 2021: Council Elections
  - February 2022: Councillor workshops to set priorities and commitments in the Delivery Program
  - March-April 2022: Exhibition of CSP inviting community feedback
- 35
- April-May 2022: Committee review of strategies with Council Advisory Committees
  - May 2022: Community conversation held online to give feedback on the draft delivery program
  - June 2022: Adoption and endorsement of final documents

**Report No. 4.3      Priority Projects**

**Directorate:** Corporate and Community Services

**Report Author:** Heather Sills, Manager Corporate Services

**File No:** I2023/700

**5      Summary:**

Through recent workshops, meetings, and discussions with members of the Audit, Risk, and Improvement Committee, there has been a request for information on “priority projects” to be provided to the committee. This report has been prepared in fulfilment of this request.

10      The report further provides an outline of the project management procedures to provide assurance to ARIC of the systems and processes in place to ensure capital projects are planned and delivered in a consistent way, following a robust methodology in line with industry standards.

15

---

**RECOMMENDATION:**

**That the Audit, Risk, and Improvement Committee notes the report on ‘priority projects.’**

**20      Attachments:**

1      Sample Project List - ARIC, E2023/44245 

## Report

In preparation of this report, it is important to acknowledge that there are varying interpretations of what constitutes a 'priority project.'

5 The Operational Plan provides the full list of individual projects and activities that council will undertake in a specific year. A comprehensive report on the status of all such activities is provided to Council on a quarterly basis. This report has previously been supplied to ARIC at the same time as Council, however at the request of the committee this report is no longer provided as a standing item.

10 For the purposes of this report, management understand that ARIC are requesting information on particular projects that are currently being considered by Council, to enable oversight of the associated risks, and the steps taken to ensure effective governance, risk management, and internal control prior to Council's determination whether or not to pursue those opportunities.

15 Five projects have been identified and are outlined in the following section. Those projects are:

- Mullumbimby Hospital Strategic Plan
- Bioenergy Facility
- Dingo Lane Solar Farm
- Affordable Housing – 57 Station Street Mullumbimby
- 20 • Byron Shire Rail Corridor

### **Project: Mullumbimby Hospital Strategic Plan**

Web link: [Mullumbimby Hospital redevelopment](#)

#### **Project Description**

25 Site remediation works have been ongoing following the demolition and removal of the asbestos contaminated hospital buildings, and discovery of additional contamination areas on the site. The primary aspect of the site Remediation Action Plan is the capping of an area of the property primarily where the former hospital buildings were located. Although the Remediation Action Plan works have now been completed, this is not the end of the  
30 remediation process, which is directed and concluded by the Auditor.

The validation of the Remediation Action Plan will include a site survey to confirm compliance with the technical specifications of the capping containment structure. The outcomes of Remediation Action Plan process will be addressed in an Environmental Management Plan for the future management of the site.

35 The Environmental Management Plan will ensure the integrity of the encapsulation of the underlying asbestos contamination. Following endorsement of the Environmental Management Plan, the auditor concludes the remediation process with a formal Site Audit Statement.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

The cost of the remediation works has been substantial, approximately \$4.7 million. Cost recovery will need to be a pragmatic consideration for the future planning and development of the site.

5 The Mullumbimby Hospital Site Project Reference Group was established to provide recommendations to Council on the best use of the site.

The Project Reference Group consisted of twenty-one community representatives and Councillors who undertook a 12-month participatory planning process in 2017 to 2018.

### **Council Resolutions**

10 **15-516** – Support for the community-led advocacy to State Government for the Mullumbimby Hospital land to be transferred to the then NSW FaCS to be used to develop a range of aged care facilities and services and housing options through public and community sector partnerships.

15 **17-152** – Request for State Government to postpone demolition of buildings, explore options for the site that offer the greatest benefit to the community, and release of the asbestos report to Council.

**17-269** – Site acquisition, engagement of independent consultants to review the hazmat reports, budget allocation of \$50k for an independent peer review.

**17-295 and 18-572** – Classification of land to Operational.

**17-432 and 17-517**– Establishment and appointment of Project Reference Group.

20 **17-623** – Contamination review.

**18-048** – Resolved not to call tenders for demolition of the site buildings and instead enter into direct negotiations with the demolition contractor appointed by NSW Health.

**18-721** - The Project Reference Group recommendations relating to uses for the site, design, and governance.

25 **21-469** - Increase the 2021/2022 budget for the remediation of the Mullumbimby Hospital Site by \$1,500,000 with funding provided through a new external loan on an interest only basis repayable by 30 June 2024

**22-088** – Award of Tender 2021-1218 for site soil contamination cap and soil removal to Synergy Resource Management.

30 **22-571 and 22-737** - Council endorsed the [Mullumbimby Hospital Site Strategy and Urban Design Protocol](#) on 15 December 2022. This document relies heavily on the 2018 endorsed recommendations from the Mullumbimby Hospital Project Reference Group.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

### Project Outcomes

As outlined in the [Mullumbimby Hospital Site Strategy and Urban Design Protocol](#).

### Integrated Planning and Reporting Links

CSP Objective	CSP Strategy	DP Action	Code	Draft 2023/24 Operational Plan Activity
<b>4: Ethical Growth</b> We manage growth and change responsibly	4.1: Manage responsible development through effective place and space planning	4.1.3: Town / Village Masterplans - Develop, implement and update Place Plans that promote place-based forward planning strategies and actions	4.1.3.1	Amend Local Environmental Plan and Development Control Plan in accordance with Mullumbimby Hospital Precinct Plan

### 5 Draft 2023/24 Budget:

Ledger Account	Budget Item	Estimated Budget 2023/24
2605.133	Mullum Hospital LEP Amendment	\$30,000

### Project: Bioenergy Facility

Web link: [Bioenergy facility](#)

### Project Description

10 Bioenergy facilities have been running successfully for decades in the US and parts of Europe using dry anaerobic digestion, helping these countries to convert their organic waste into clean and green renewable energy and reduce emissions.

There are currently no dry anaerobic digestion bioenergy facilities operating in Australia. Our aim is to be the first and to lead the way for other organisations to take responsibility  
15 for their organic waste using this process.

The proposed location for the Byron Shire Bioenergy facility is on council-land at the Byron Sewage Treatment Plant (STP).

Being able to process our own green bin (organic) waste means not having to send it out of the region, removing hundreds of thousands of kilometres of truck movements each  
20 year and significantly reducing our carbon footprint and emissions.

The renewable energy produced by the bioenergy facility would power our Byron Sewage Treatment Plant operations nearby – again reducing our emissions and cutting Council's electricity bills.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

The development application (DA) for the bioenergy facility was approved by the Northern Regional Planning Panel in May 2022.

Now that we have a viable proposal and approval for development, we are now looking at financing models. This includes exploring options for commercial partnerships and grants.

### 5 Council Resolutions

**18-395** – allocation of \$250,000 from the Sewer Section 64 funds for the Bankable Feasibility Study for the Byron Bay Bioenergy Facility with a view to prepare grant applications for the construction phase of the Byron Bay Bioenergy Facility.

10 **18-774** - award of Tender 2018-0069 Byron Shire Council Bioenergy Projects – Bankable Feasibility Study to both HZ-Inova for amount of \$100,000 (ex GST).and Skala for the amount of \$190,707 (ex GST). The project's total budget allocation was adjusted from \$250,000 to \$856,000 for the 2018/2019 Financial year with additional funding of \$606,000 provided from available Sewerage S64 Fund Reserves.

15 **19-343** - Council's Principal Engineer and the BioEnergy Facility Project Manager organise and conduct technical site visits to review operations of relevant HZI and Bekon BioEnergy sites, review their feasibility and report back to Council.

**20-077** - selection of the preferred vendor for the next stages of design of the Byron Shire Bioenergy Facility project.

20 **21-460** - Resolves to directly negotiate contracts for the Design & Construction and/or Operations & Maintenance of the Bioenergy Facility with its preferred contractor Skala Australasia Pty Ltd. Increased the forecast upper limit contribution to the budget for the Bioenergy Facility by increasing budgeted loan borrowing requirement for the 2021/2022 financial year.

### Project Outcomes

25 Creation of:

- Local jobs created in the construction, operations and maintenance.
- Local processing facility for agricultural and commercial organic waste.
- Local solution to waste management, reducing truck movements and distances travelled across the region.

- 30
- Improved management of sewage biosolids.
  - Savings of approximately 3,402 tonne/CO2 per year for Council. The equivalent of keeping approximately 1,030 cars off the road each year.
  - A case study for others to follow in the search for future energy solutions while helping Byron Shire Council, NSW State and Australian Federal Governments meet
- 35 renewable energy targets.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

Reduction of:

- Council's use of grid electricity by 70%.
  - Council's costs by taking its largest electricity user, Byron Bay Sewage Treatment Plant off-grid.
- 5
- Council's total carbon emissions by over 20%.
  - Council's overall electricity costs, creating the potential to increase funds for other local priorities.
  - Landfilling of organics.
- 10
- The number of truck movements and distances travelled across the region, further reducing carbon emissions and impact on air quality and local roads.
  - Australia's dependence on fossil fuels.

### Integrated Planning and Reporting Links

CSP Objective	CSP Strategy	DP Action	Code	Draft 2023/24 Operational Plan Activity
<b>5: Connected Infrastructure</b> We have connected infrastructure, transport, and facilities that are safe, accessible, and reliable	5.3: Invest in renewable energy and emerging technologies	5.3.3: Green energy - Invest in green energy initiatives	5.3.3.1	Progress bioenergy facility project development approval and grant application

### Financing Options

15 The estimated cost of the facility is approximately \$20-25 million with payback estimated at between 10-20 years, dependent on grant funding. Council is submitting applications for Federal funding and if successful, will partially fund the project from its Sewerage Fund Capital Works Reserve.

20 Council is considering this investment because it offers a secure cash flow that could potentially generate long term revenue for Council through a compost product for the agricultural market as well as renewable energy generation, and it replaces existing Council-funded services but offers a longer term, and more environmentally sustainable solution.

The feasibility stage of the project will address the business case risks compared to present business-as-usual conditions, and identify any issues to protect Council and its ratepayers. Councillors will consider the preferred option/s for financing and operation of the facility once the feasibility stage is complete.

5

### **Project: Dingo Lane Solar Farm**

Web link: [Dingo Lane Solar Farm](#)

#### **Project Description**

- 10 The Dingo Lane Solar Farm project is a 5 megawatt (maximum) solar farm currently proposed for Council-owned land, next to the Resource Recovery Centre at Dingo Lane, Myocum.

A DA for the construction of the solar farm was submitted by Council in March 2022 for determination by the Northern Regional Planning Panel.

#### **15 Council Resolutions**

**19-258** – Preliminary Business case provided and \$465,000 allocated to the draft 2019/20 budget from the non-domestic waste reserve to progress the Dingo Lane Solar project to detailed feasibility (pre-build) and procurement phase.

- 20 **19-590** – Probity Plan, timeline, revised business case, and budget adjustment for an additional \$129,000, funded from the Waste Management Reserve.

**20-192** – Expression of Interest for Design, Construct, Operation and Maintenance Contractors.

**20-551** – Authorisation of Development Application to seek approval for the use of the land for a 5MW Solar Farm.

- 25 **21-169** – Feasibility study outcomes and endorsement of option to progress to shovel ready status.

#### **Project Outcomes**

Once built, the Dingo Lane Solar Farm will generate enough electricity to:

- reduce Council's carbon emissions
  - offset Council's power usage; and
  - send additional renewable power back into the grid.
- 30

**Integrated Planning and Reporting Links**

<b>CSP Objective</b>	<b>CSP Strategy</b>	<b>DP Action</b>	<b>Code</b>	<b>Draft 2023/24 Operational Plan Activity</b>
<b>5: Connected Infrastructure</b> We have connected infrastructure, transport, and facilities that are safe, accessible, and reliable	5.3: Invest in renewable energy and emerging technologies	5.3.3: Green energy - Invest in green energy initiatives	5.3.3.2	Provide project delivery analysis and options to Council on the Dingo Lane 5MW Solar Farm project

**Project: Affordable Housing - 57 Station Street Mullumbimby**

Web link: [Affordable housing project in Station Street Mullumbimby](#)

**Project Description**

- 5 Council is proposing to redevelop the car park between McGoughans Lane and Station Street, Mullumbimby to provide affordable rental housing for low to medium income households.

The development aims to provide 32 one and two-bedroom apartments and ground floor shops fronting Station Street. The housing is expected to be available in 2025.

- 10 The project is a collaboration with Landcom, NSW Government’s land and property development organisation.

**Council Resolutions**

**22-120** - project rationale and the [preliminary concept plan](#) for an affordable housing development on 57 Station Street, Mullumbimby.

- 15 **22-413** – Authorised the tender process for affordable housing at 57 Station Street Mullumbimby.

**23-148** – Declined to award the tender for a Community Housing Provided to deliver the Affordable Housing project noting significant changes to the market since the commencement of this process. Further options to be discussed with Councillors.

20 **Project Outcomes**

A key project objective is ‘to deliver the optimum amount of affordable housing which best meets the housing needs of the local community, while being financially feasible for all parties.’

25

**Integrated Planning and Reporting Links**

<b>CSP Objective</b>	<b>CSP Strategy</b>	<b>DP Action</b>	<b>Code</b>	<b>Draft 2023/24 Operational Plan Activity</b>
<b>4: Ethical Growth</b> We manage growth and change responsibly	4.2: Enable housing diversity and support people experiencing housing insecurity	4.2.2: Partnerships and pilots to address housing needs - Investigate partnerships and pilots that deliver an innovative and affordable housing model for the Shire	4.2.2.2	Deliver Landcom Term Sheet Agreement

**Funding Arrangements**

5 The project is a collaboration with Landcom, NSW Government’s land and property development organisation. Council is not required to contribute any additional funds to the development of the project, other than the provision of the land through a lease.

**Project: Byron Shire Rail Corridor**

Web link: [Byron Shire multi use rail corridor](#)

10 In late 2016, a Council Mayoral Minute resolved to support an investigation into the feasibility of reactivating the rail corridor from Bangalow to Yelgun for multi-use rail transport applications.

Following an Expression of Interest and Request for Tender, Council engaged Arcadis Australia Pacific Pty Ltd (Arcadis) to undertake a feasibility study.

15 The study looked at the reactivation of the rail corridor from Bangalow to Yelgun, with a focus on three key components:

- Engineering Assessment
- Economic Impact Assessment
- Social Impact Assessment.

20 Arcadis’s investigations concluded there is both community support and positive economic impacts for the Byron Shire.

The engineering assessment highlighted that the corridor is in ‘reasonable’ condition and has the capacity to support very light rail vehicles (less than 10 tonne axles or less, at speeds equal to or less than 60 kilometres per hour).

## BYRON SHIRE COUNCIL

### STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

As per resolution 19-616, 19-335 and 20-127 Council has continued work on the re-activation of the Rail Corridor, initially for the link between Byron Bay and Mullumbimby (Stage 1). Funding opportunities are being sought via both State and Federal Governments.

- 5 Council is continuing to work with Transport for NSW (TfNSW) and other NSW State Government Departments. Two Movement and Place workshops were held on 6 November 2020 and 5 March 2021, with key representatives from TfNSW and the newly formed Department of Regional NSW. The focus of these workshops is to identify potential infrastructure planning options for the combined use of the road and rail corridors to support the future growth of the Byron region.
- 10

#### Council Resolutions

Report	Resolution
Report to Council – 25 August 2022 ( <i>I2022/1157 – Western Rail Corridor Utilisation</i> )	<b>Resolution 22-412 (Open)</b>
Report to Council – 25 August 2022 ( <i>I2022/1156 – North Rail Corridor Utilisation</i> )	<b>Resolution 22-409 (Open)</b>
Report to Council – 26 May 2022 ( <i>I2022/621 – Byron Shire Rail with Trail Update</i> )	<b>Resolution 22-224 (Open)</b>
Report to Council – 23 September 2021 ( <i>I2022/1538 – Byron Shire Rail with Trail Update</i> )	<b>Resolution 21-389 (Open)</b>
Report to Council – 24 June 2021 ( <i>I2022/1080 – Byron Shire Rail with Trail Update</i> )	<b>Resolution 21-234 (Open)</b>
Report to Council – 25 February 2021	Resolution <b>21-053</b> (Closed)
NoM – 22 October 2020 ( <i>I2022/1685 – MURC Bayshore DR to Tyagarah</i> )	<b>Resolution 20-572 (Open)</b>
Report to Council – 24 September 2020	Resolution <b>20-518</b> (Closed)
Report to Council – 26 March 2020 ( <i>I2020/479 – Byron Shire Rail with Trail Update</i> )	<b>Resolution 20-127 (Open)</b> Key working resolution for this project
Report to Council - 28 Nov 2019	Resolution <b>19-616</b> (Closed as per 21-053)
Report to Council - 27 June 2019	Resolution <b>19-335</b> (Closed as per 20-518)

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3

### Integrated Planning and Reporting Links

CSP Objective	CSP Strategy	DP Action	Code	Draft 2023/24 Operational Plan Activity
<b>5: Connected Infrastructure</b> We have connected infrastructure, transport, and facilities that are safe, accessible, and reliable	5.1: Provide a safe, reliable, and accessible transport network	5.1.4: Multi-use rail corridor - Activate the rail corridor for multi-use that provides expanded active and shared transport options catering to visitors and residents	5.1.4.1	Investigate use of the rail corridor
			5.1.4.2	Facilitate internal working group to support a coordinated approach to the use of the railway corridor

## Project Planning Process

5 In 2016, a Project Delivery Working Group (PDWG) was established as a collaborative approach to improving project management across Council. The PDWG was involved in implementing Pulse software as Council's preferred operational and project management software system.

In August 2020, the Project Management Office (PMO) was established to provide oversight of both Pulse and Council's project management process framework. The PMO meets bimonthly and consists of key staff from each of Council's directorates.

10 The PMO have collaboratively developed and continue to refine the *Project Delivery Procedures* to support the creation of a consistent approach for the delivery of projects across the organisation.

15 The project planning and development process follows a 'Stage Gate' methodology. The Stage Gate Diagram provides a framework to ensure key project criteria are met at each phase before progressing to the next phase. Completion of all gates is mandatory prior to advancing to the next gate. See diagram on next page.

ARIC members have indicated a desire for ARIC to consider project management and expenditure, with an emphasis on the decision-making framework for projects over \$100k.

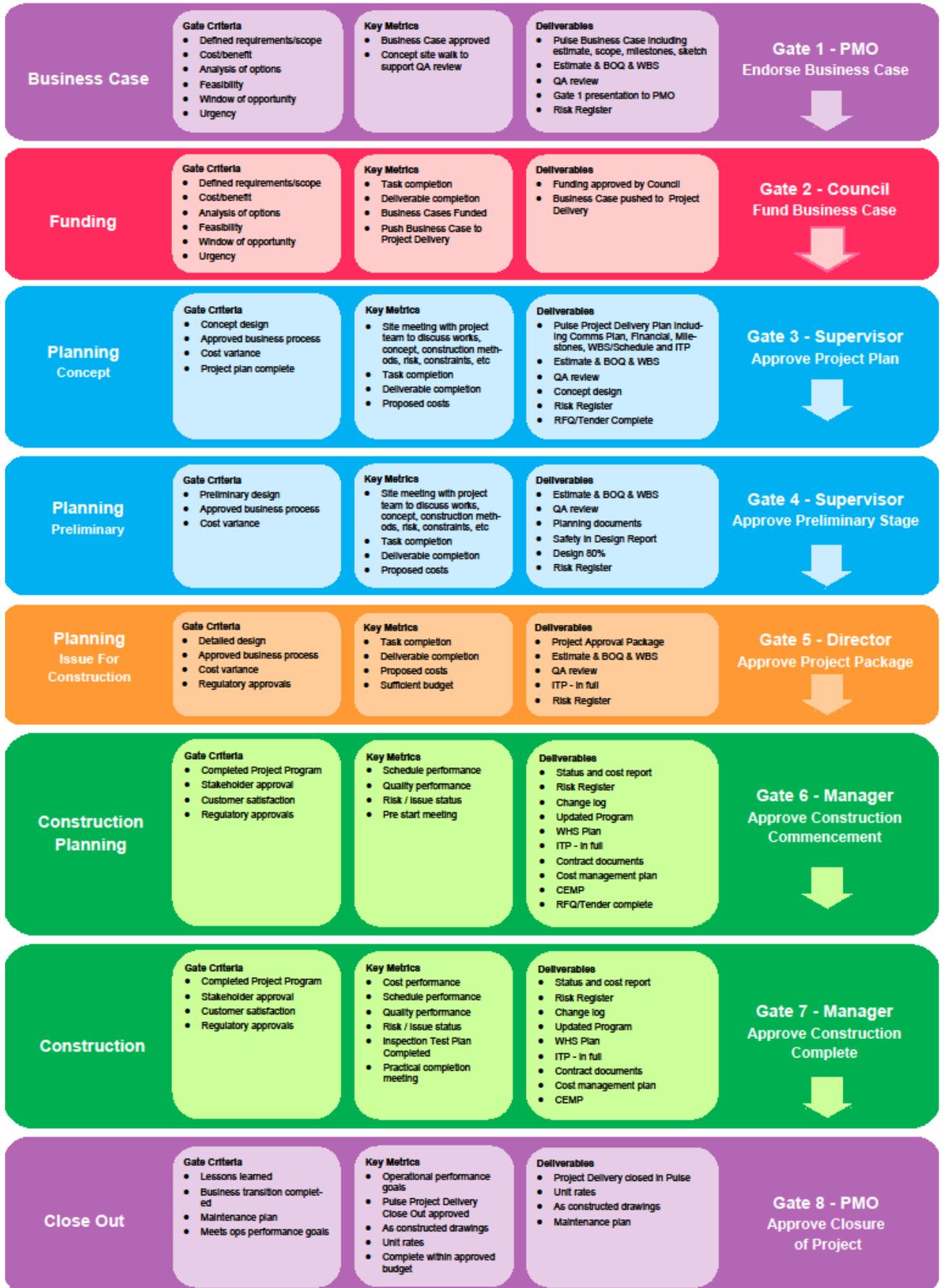
Accordingly, this report provides ARIC with details of the project planning procedures and a list of current 'priority projects' to provide assurance of these existing processes.

20 An sample list of projects is provided in Attachment 1.

# BYRON SHIRE COUNCIL

## STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

4.3



## Gate 1 – Pre Project

The key aims for this stage are:

- Creation of a Pre Project in Pulse PMC,
- PMO endorsement of Pre Project.

5 Before a project can commence delivery, a Pre Project is required to be created, submitted and approved in Pulse PMC. A Pre Project can be created at any time but ideally this would occur in the first quarter of the financial year to allow time for internal review and approval prior to implementation the following financial year.

10 Pre Project will provide all the information required to enable approval. As a minimum, the following must be completed:

- Scope,
- Catalyst,
- Proposed Project Team
- Sketch of proposed works - a site walk is required to be conducted by the Project  
15 Manager to check high level accuracy/feasibility of project proposal
- Project Constraints / Risk / Due Diligence Check,
- Budget Estimate
- Work Breakdown Structure
- Lessons Learnt Review

20 When reviewing new project requests, consideration must be given to the merit of the project against a number of significant plans / reports:

- Community Strategic Plan
  - incorporating the Delivery Program and Operational Plan
- Strategic Asset Management Plan
- 25 • Master Plans (such as Our Mullumbimby Master Plan)
- Byron Shire Bike Strategy and Action Plan (Bike Plan)
- Pedestrian Access and Mobility Plan (PAMP)
- Utilities Assets Management Plans,
- Open Spaces Plans of Management
- 30 • Council resolutions
- Advisory Committee reports

## Gate 2 - Funding

The key aims for this stage are:

- Council approval of project to proceed
- 35 • Confirmation of funding source

Council's program and budget are reviewed on a quarterly and annual basis. Prior to proceeding to the Project Delivery stage, Council approved funding is required. In 2018

Council Resolution 18-111 was passed “that no expenditure is to occur without an approved budget backed by resolution of Council.”

Funding for capital works may come from one or more of the following.

- Grants or Block Grants
- 5 • General revenue
- Loans
- Developer contributions
- Reserves
- Special Rate Variation (SRV)
- 10 • Infrastructure Renewal Reserves
- Stormwater Levy

### **Gate 3 – Planning (Concept)**

The key aims for this stage are:

- Initial set up of Project Delivery in Pulse PMC,
  - 15 • Preparation of concept planning documentation
- Once funding has been approved for the Pre Project, the project can then proceed to the Planning (Concept) stage. Alignment with the Operational Plan and Budget requires:
- General Ledger code
  - Project to be linked to an appropriate OP action, if one exists. If there is no current
  - 20 OP activity a new one is to be considered in the quarterly amendment process.

To progress to the next project stage, the following sections of the Project Delivery must be completed and approved:

- Review highlighted project risks and recommendations from Pre Project
- Comms Plan - to deliver projects in keeping with community expectations. The
- 25 delivery of some projects could result in disruption (short and long-term) to residents and poor communication could derail the project or overshadow the benefits. The comms plan helps identify and highlight potential problems and issues and provide suggestions and ideas on mitigating negative impact to Council’s reputation.
- Financial sections
- 30 • Milestones & Tasks
- Work Breakdown Structure
- Updated full budget estimate with quantities based on concept plans
- Evidence of QA Review of the Estimate, BOQ and drawings,
- Risk Register - all project specific risks should be documented and managed. These
- 35 include risks to the project’s success, budget, during construction and in operation as appropriate.
- Site Walk with concept designs

### Gate 4 – Planning (Preliminary)

The key aims of this stage are:

- 80% complete design plans,
- Planning pathway identification – assessment of the site constraints will allow selection of an appropriate planning pathway. Generally, the Planning Pathway will be either *Exempt Development*, *Development Without Consent* or *Development With Consent*.
- An AHIMS (Aboriginal Heritage Information Management System) search is required for all works within land that has not been disturbed for ~12 months or more.
- Investigation and assessment to firstly determine the likelihood of Aboriginal cultural heritage value; the location and extent of any cultural heritage objects or place; potential for harm to those values; whether potential harm can be avoided; and where impacts cannot be avoided, to provide context and justification for why the harm is acceptable.

### Gate 5 – Planning (Issued For Construction)

The key aim of this stage is submission of Project Approval Package (PAP). The Project Manager should prepare a Project Approval Package (PAP) for Director approval prior to proceeding to the construction planning phase. The following documents are typically provided with the PAP:

- Project Approval Package seeking approval from Director
- Issued for Construction Design drawings
- Planning documentation (i.e. REF / CRA / DA / EIS)
- Permits
- Estimate; updated full budget estimate with quantities from final design drawing set
- Safety in Design Report
- Comments from other Council teams regarding impacts on operations (Works, Utilities, Open Spaces, Resource Recovery, Major Projects)

### Gate 6 – Construction Planning

The key aims of this stage are approval to commence construction. The following items are completed and submitted prior to progressing to the next stage:

- Project Approval Package
- Risk Register and Milestone update
- Inspection and Testing Plan
- Updated Program of works
- WHS Plan
- Contract documents
- Cost management Plan
- Construction Environmental Management Plan (CEMP)
- RFQ / Tender as required
- Non-Conformance Report Processes

**Gate 7 – Construction**

The key aims of this stage are to:

- Ensure project stays on time/budget while construction is underway
- Completion of all construction tasks
- 5 • Site left clean, tidy and safe

**Gate 8 – Close Out**

The key aim of this stage is to ensure all aspects of the project have been completed. The Project Delivery Close Out includes:

- 10 • Completed close out documentation
- As Constructed / Work As Executed drawings – These drawings must be signed and dated by the Construction Engineer.
- Maintenance plan - Project Manager to meet with the appropriate maintenance staff to ensure new infrastructure is included in future maintenance programs.
- 15 • Community feedback
- Lessons learnt complete and closed
- Review expenditure against tasks; ensure costs are allocated to correct asset numbers for capitalisation purposes.

20 Once the above parties have approved Close Out, the Project Management Office (PMO) reviews and approves closure of the project.

**Strategic Considerations**

**Community Strategic Plan and Operational Plan**

CSP Objective	CSP Strategy	DP Action
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.1: Leadership - Enhance leadership effectiveness, capacity, and ethical behaviour

**Legal/Statutory/Policy Considerations**

- 25 [Integrated Planning and Reporting Guidelines](#)
- [Integrated Planning and Reporting Handbook](#)

**Alignment with ARIC Responsibilities**

This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

**5.1. Compliance**

- 5 a) Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated.

**5.2. Risk Management**

- 10 c) Review whether management has integrated risk management into decision making processes and operations.

**5.4. Financial Management**

Review and advise Council:

- 15 g) if Council's financial management processes are adequate

**5.5. Governance**

- b) Review whether appropriate processes and systems are in place to govern day to day activities and decision making.

**20 5.6. Implementation of the Strategic Plan, Delivery Program and Strategies**

- a) Review whether Council is achieving the objectives and goals it set out in its Community Strategic Plan and successfully implementing its Delivery Program, Operational Plan and other strategies.

**Financial Considerations**

- 25 Not applicable.

**Consultation and Engagement**

The purpose, regularity, and details of future 'Priority Project' reports are to be determined by ARIC.

**Report No. 4.4      Fraud and Corruption Control Policy**

**Directorate:** Corporate and Community Services

**Report Author:** Mila Jones, Governance and Internal Audit Coordinator

**File No:** I2023/385

5 **Summary:**

The draft updated Fraud and Corruption Control Policy was reported to the Audit, Risk and Improvement Committee meeting on 16 February 2023 however the Committee deferred consideration of this Policy to the 18 May 2023 meeting. This report provides the Policy again for consideration.

10

---

**RECOMMENDATION:**

15 **That the Audit, Risk and Improvement Committee endorses that the draft revised Fraud and Corruption Control Policy be reported to Council for adoption.**

**Attachments:**

- 20 1 REVISÉD DRAFT Fraud and Corruption Control Policy 2023, E2022/121613   
2 REVISÉD DRAFT Fraud and Corruption Control Strategy 2023, E2022/121935 

## Report

On 16 February 2023, the Audit, Risk and Improvement Committee (ARIC) deferred endorsement of the draft updated Fraud and Corruption Control Policy to this meeting on 18 May 2023. This Policy was included in the same report as the Risk Management Policy which was also deferred in order for ARIC to receive “a further report providing information relating to environmental risks and include performance benchmarks in all areas of risk, fraud and corruption in the management of Council’s activities to keep a focus on performance.”

As the ARIC did not request any changes to be made to the Fraud and Corruption Control Policy, it is reported back to the ARIC unchanged since the February 2023 report.

The draft updated Risk Management Policy and the performance benchmarks are the subject of a separate report to this May 2023 meeting.

As noted in the February 2023 report, the Fraud and Corruption Control Policy is within the remit of the ARIC and therefore being reported here before being presented to Council. A review and amendments have been made by Council’s Legal Counsel and the Strategic Contracts and Procurement Coordinator and has been endorsement by the Executive Team. This Policy and the associated Strategy, shown at Attachments 1 and 2.

The proposed amendments (as track changed in the document) include:

- Updated definitions in accordance with the ICAC Act
- Updated reference to the latest Community Strategic Plan
- Removal of *Appendix 1 – Fraud Control Plan* as it is no longer necessary to document in this format and not in line with current practice
- The Fraud and Corruption Control Strategy has also been updated to reflect Policy changes. Note, this strategy is not reported to Council. It is for endorsement by the Executive Team and ARIC only.

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.1: Leadership - Enhance leadership effectiveness, capacity, and ethical behaviour	1.1.1.1	Coordinate Council's annual policy review program, update and publish adopted policies

## Legal/Statutory/Policy Considerations

When policies are reviewed, they are assessed as to whether the policy is current, redundant, requires updating, can be aggregated with another policy or may be converted to a Standard (internal staff policy), Procedure or Guideline.

- 5 When reviewing our policies, Council's Corporate Documents Standard (internal policy) provides the following guidance to staff:

10 *A Policy sets out Byron Shire Council's position on a specific matter – a formal statement of intent and non-discretionary governing principles that apply to Byron Shire Council's practice. The principles are derived from and shaped by the law and regulations that apply, community expectations, and the values and mission contained in the adopted Community Strategic Plan. A Policy is a concise document that may facilitate, enable or constrain practice, standard, guidelines or delegated functions but does not prescribe in detail how to perform certain functions - instead it provides a framework for action with its primary role being to guide the achievement of the adopted strategic goals and ensure legislative compliance.*

15

The most recent developments in legislative requirements, and the community's and Council's position on certain matters, are checked for each policy to determine whether a policy requires updating, or whether a policy is still necessary. A policy may no longer be necessary, for instance, if legislation now wholly covers Council's policy position, or if a Policy reflects legislation that no longer exists.

20

## Alignment with ARIC Responsibilities

This report has been prepared to support the Committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

### 25 5.3. Fraud Control

- a) Review whether management's fraud and control plan and prevention strategies are adequate and effective.
- b) Review whether management has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

### 30 Financial Considerations

Nil

## Consultation and Engagement

The Executive Team was consulted at meetings held on 7 and 21 December 2022. The ARIC was consulted with on 16 February 2023. Consultation will occur with Council at their next available meeting should the staff recommendation to this report be endorsed.

35

**Report No. 4.5      Draft Risk Management Policy and Risk Management Strategy**

**Directorate:** Corporate and Community Services

**Report Author:** Amber Watt, Strategic Risk Coordinator

5 **File No:** I2023/591

**Summary:**

10 The draft Risk Management Policy was reported to the Audit, Risk and Improvement Committee meeting on 16 February 2023, however the Committee deferred consideration of this Policy to the 18 May 2023 meeting in order for additional information to be provided in the areas of environmental risk and performance benchmarking.

15 The following report provides the updated Policy and includes the draft Risk Management Strategy that was endorsed by the Executive Team on 5 April. While the Policy outlines Council's commitment to the management of risk at all levels within the organisation, the Strategy provides the framework by which this is achieved.

---

**RECOMMENDATION:**

- 20
1. **That the Audit, Risk and Improvement Committee endorses the draft revised Risk Management Policy be reported to Council for adoption (E2023/31169).**
  2. **That the Audit, Risk and Improvement Committee further endorses the draft Risk Management Strategy (E2023/31170).**

**Attachments:**

- 25
- 1 Draft Risk Management Policy - 2023, E2023/31169 
  - 2 Draft Risk Management Strategy, E2023/31170 

30

35

## Report

5 The Executive Team endorsed the draft Risk Management Policy on 7 December 2022. The Policy was then referred to the 16 February 2023 Audit, Risk and Improvement Committee meeting, where the committee deferred the policy and requested a further report be provided relating to environmental risks and performance benchmarking.

10 Building the preparedness of Council to respond to climate change risks is an emerging area of risk management. That said, in 2020 Council engaged Statewide Mutual to facilitate climate change risk assessment workshops. The outcome of these workshops is the [Climate Change Adaptation Plan \(The Plan\) and 100 Adaptation Actions](#), clarifying Council's commitment to the identification and management of environmental risks. The Strategic Risk Coordinator is working collaboratively with the Sustainability team to embed climate risk mitigation into the revised risk management framework. This information has been included in the draft Policy and Strategy.

15 The draft Risk Management Strategy addresses the key risk activities and reporting undertaken by Council to monitor performance and should be read in conjunction with the draft Risk Management Policy.

## Risk Management Strategy

20 In December 2022, the OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW were approved. Core requirement 2 states that each Council must implement a risk management framework that is consistent with current Australian standards for risk management (*AS ISO 13000:2018*).

25 On review of the existing Risk Management Strategy and OLG guidelines, it was identified that improvements were required to capture the key elements, principles, and processes of *AS ISO 31000:2018*. A new draft Risk Management Strategy was developed and presented to the Executive Team on 1 March 2023. The document has been structured as a procedural guide for staff and will be supplemented by a "Quick Guide to Risk Assessment".

At the meeting on 1 March 2023, the Executive Team were asked to consider some key changes which have since been approved and are outlined below.

- 30
- Risk Categories - the inclusion of Business Systems and Technology as a category of risk.
  - Risk Appetite – new appetite and format (the previous had been set in 2018) which includes;
    - risk appetite ratings changed to Cautious, Moderate, and Open.
    - risk appetite tolerance levels set on a sliding scale within each rating, set by the Executive Team
- 35

- Consequence Table (Risk Matrix) - Adjustment to the financial parameters in the consequence table to align with councils of a similar size. This change was discussed and set in collaboration with Manager Finance.

5 An updated draft Risk Management Strategy was presented to the Executive Team on 5 April 2023 and endorsed for further reporting to the Audit, Risk and Improvement Committee.

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.1: Leadership - Enhance leadership effectiveness, capacity, and ethical behaviour	1.1.1.1	Coordinate Council's annual policy review program, update and publish adopted policies

### Legal/Statutory/Policy Considerations

10 As noted in the report presented 16 February 2023.

### Alignment with ARIC Responsibilities

This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

#### 5.2. Risk Management

- 15 a) Review whether management has in place a risk management framework that complies with current Australian risk management standards.
- b) Review whether the risk management framework operates effectively and supports the achievement of Council's strategic goals and objectives.
- 20 c) Review whether management has integrated risk management into decision making processes and operations.
- d) Review whether management has taken steps to embed a positive risk management culture.
- e) Consider the adequacy of resources provided for risk management and whether employees are able to carry out their risk management responsibilities.

### 25 Financial Considerations

Nil

## **Consultation and Engagement**

Both the Policy and Strategy have been subject to peer review and regular reporting to the Executive Team.

**Report No. 5.1 CONFIDENTIAL - Q2 & Q3 Risk Report - October 2022 to March 2023**

5 **Directorate:** Corporate and Community Services  
**Report Author:** Amber Watt, Strategic Risk Coordinator  
**File No:** I2023/532

**Summary:**

10 Council is committed to an integrated, consistent, and sustainable approach to risk management to support the achievement of its strategic and operational objectives and to maximise opportunities for improvement.

The contained report provides an outline of recent risk management initiatives and an update on the Strategic and Operational Risk Registers.

15

---

**RECOMMENDATION:**

1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolves to move into Confidential Session to discuss the report Risk Report.
- 20 2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
  - a) matters affecting the security of the council, councillors, council staff or 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:

**Risk Management**

**Attachments:**

- 30 1 ARIC Risk Report May 2023, E2023/42102

**Report No. 5.2      CONFIDENTIAL - Internal Audit Report Quarter 3  
2022-2023 including Food Safety and  
Swimming Pools Review**

**Directorate:** Corporate and Community Services

5 **Report Author:** Mila Jones, Governance and Internal Audit Coordinator

**File No:** I2023/370

**Summary:**

This report presents:

- 10
- The Internal Audit Recommendations Summary Report for Quarter 3 2022-2023 prepared by the Internal Auditor, Grant Thornton. The report is at Confidential Attachment 1.
  - The full internal audit status report for Quarter 3 which is at Attachment 2.
  - The Internal Audit of Food Safety and Swimming Pools (undertaken in March 2023) completed by Grant Thornton. The findings of this review are at Confidential Attachment 3. The audit received a review rating of *acceptable* for food safety and *needs improvement* for swimming pools and it identified one critical and two low risk rated issues.
  - An Internal Audit Status Update from Grant Thornton for May 2023 at Attachment 4.
- 15
- 20

---

**RECOMMENDATION:**

- 25
1. That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, the Committee moves into Confidential Session to discuss the report Internal Audit Report Quarter 3 2022-2023 including Food Safety and Swimming Pools Review.
  2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
    - a) commercial information of a confidential nature that would, if disclosed
- 30
- prejudice the commercial position of the person who supplied it

# BYRON SHIRE COUNCIL

## CONFIDENTIAL REPORTS - CORPORATE AND COMMUNITY SERVICES

5.2

- 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 the nature and content of internal audit reports is for operational purposes.**

**5 Attachments:**

- 1 Confidential - Internal Auditors Summary of Recommendations - Quarter 3 2022-2023, E2023/39723
- 10 2 Confidential - Internal Audit Recommendations Status for Quarter 3 2022-2023, E2023/34738
- 3 Confidential - Food Safety and Swimming Pools Review - Internal Audit Report Q3 2022-2023 FINAL (Grant Thornton), E2023/31211
- 4 Confidential - Internal Audit Status Update - May 2023 from Grant Thornton, E2023/39739

15

**Report No. 5.3      CONFIDENTIAL - 2022-2023 External Audit Engagement Plan**

**Directorate:** Corporate and Community Services

**Report Author:** James Brickley, Manager Finance

5 **File No:** I2023/399

**Summary:**

This report presents the 2022-2023 External Audit Engagement Plan for Council to the Audit, Risk and Improvement Committee for noting.

10

---

**RECOMMENDATION:**

- 15
1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolves to move into Confidential Session to discuss the report 2022-2023 External Audit Engagement Plan.
  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:

The report contains details of systems and/or arrangements that have been implemented to protect Council, Councillors, Staff and Council property.

25 **Attachments:**

- 1 Confidential - 2022-2023 Audit Engagement Plan, E2023/21582

30

**Report No. 5.4      CONFIDENTIAL - External Audit Actions Quarter  
3 2022-2023 Update**

**Directorate:** Corporate and Community Services

**Report Author:** James Brickley, Manager Finance

5 **File No:** I2023/699

**Summary:**

10 This report provides an update on external audit issues raised in the 2022 External Audit Year End Management Letter, and issues from prior years external audit management letters still outstanding. Council has not been issued with a 2023 External Audit Interim Audit Management Letter at this stage as the Interim Audit for 2023 at the time of preparing this report is underway.

15 There are currently nine outstanding issues with none being able to be closed in this reporting period. There has continued to be little opportunity to work on these given the ongoing impact of the February/March 2022 flood event and subsequent recovery, in addition to other projects including finalisation of the draft 2023-2024 Statement of Revenue Policy and Budget Estimates for public exhibition.

---

**RECOMMENDATION:**

- 20 1. **That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolves to move into Confidential Session to discuss the report External Audit Actions Quarter 3 2022-2023 Update.**
2. **That the reasons for closing the meeting to the public to consider this item be that the report contains:**
- 25 a) **matters affecting the security of the council, councillors, council staff or 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:**

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

**Attachments:**

- 1 Confidential - 2022 Year End Management Letter from Audit Office of NSW, E2023/10387

**FOR INFORMATION ONLY**

5 **Report No. 7.1**      **CONFIDENTIAL - Cyber Security and IT System Outages Quarterly Update**

**Directorate:** Corporate and Community Services

**Report Author:** Colin Baker, Manager Business Systems and Technology

**File No:** I2023/497

10 **Summary:**

This report provides a summary of cyber security activities and IT service outages during the reporting period from 1 January 2023 to 31 March 2023.

There were no significant cyber incidents.

Council's phone system experienced two outages.

15 Cyber improvements are ongoing, the current focus is on improving controls for the IT systems supporting water and sewer services, (SCADA).

---

**RECOMMENDATION:**

- 20 1. That pursuant to Section 10A(2)(f) of the Local Government Act, 1993, Council resolves to move into Confidential Session to discuss the report Cyber Security and IT System Outages Quarterly Update.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
- 25 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:

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

**Report No. 7.2      Service Reviews: The "I" in ARIC**

**Directorate:** Corporate and Community Services

**Report Author:** Amber Watt, Strategic Risk Coordinator  
Heather Sills, Manager Corporate Services

5 **File No:** I2023/587

**Summary:**

In September 2021, the NSW Office of Local Government (OLG) published revised guidelines for Integrated Planning and Reporting (IP&R), which included a new requirement for all Councils to have an annual program of service reviews.

10 A service review is a systematic evaluation of an identified service, for the purposes of assessing the efficiency, effectiveness, and quality of the service, and to identify opportunities for improving service delivery and outcomes for the community.

The following report provides an outline of planned activities to ensure Council meets its obligations in relation to the revised guidelines, which will also support the ARIC with its  
15 'Improvement' focus.

**Attachments:**

20 1 Council Services, E2023/39389 

## Report

The [Guidelines for Risk Management and Internal Audit for Local Government](#) outline three key elements that contribute to improvement, otherwise known as the “I” in ARIC.

- 5 • **Service reviews and business improvement** – s428A(2)(g) and s428A(3) of the LG Act - an effective framework to ensure council is delivering services and conducting its business and functions to an expected standard.
- **Strategic Planning** – s428A(2)(f) of the LG Act - under the Integrated Planning and Reporting Framework. See separate report *Draft Operational Plan 2023/24*.
- 10 • **Performance data and measurement** – s428A(2)(h) of LG Act - See separate report *Outcomes Measurement Framework*.

Service reviews differ from audits in that the primary purpose of an audit is to ensure accuracy and compliance with legislation, policy, and processes; whereas a service review is an opportunity to analyse the efficiency, effectiveness, and quality of services to ensure they are meeting community expectations.

- 15 The focus on continuous improvement and ways to better meet the community’s expectations around priorities and service levels is a requirement under Essential Element 4.3 of the revised [IP&R Guidelines](#), which states that:

20 *“To encourage continuous improvement across the council’s operations, the Delivery Program must identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures.”*

- 25 Council is committed to continually improving how services are delivered within available resources. However, in line with the above requirements, this process is being formalised through the Operational Plan 2022/23 activity to *“identify and scope services delivered by Council to inform opportunities for achieving efficiencies”*. This work has been progressing and a draft list of Council services has been developed in collaboration with Managers and the Executive Team. The scope of each service will be further defined throughout the service review process. The draft service list is available in Attachment 1.

- 30 The remainder of this report outlines the next steps in progressing to an adopted Service Review Framework. This will include further consultation with key stakeholders to refine the review criteria and develop a service review plan to identify the service reviews that will be undertaken over the duration of the Delivery Program.

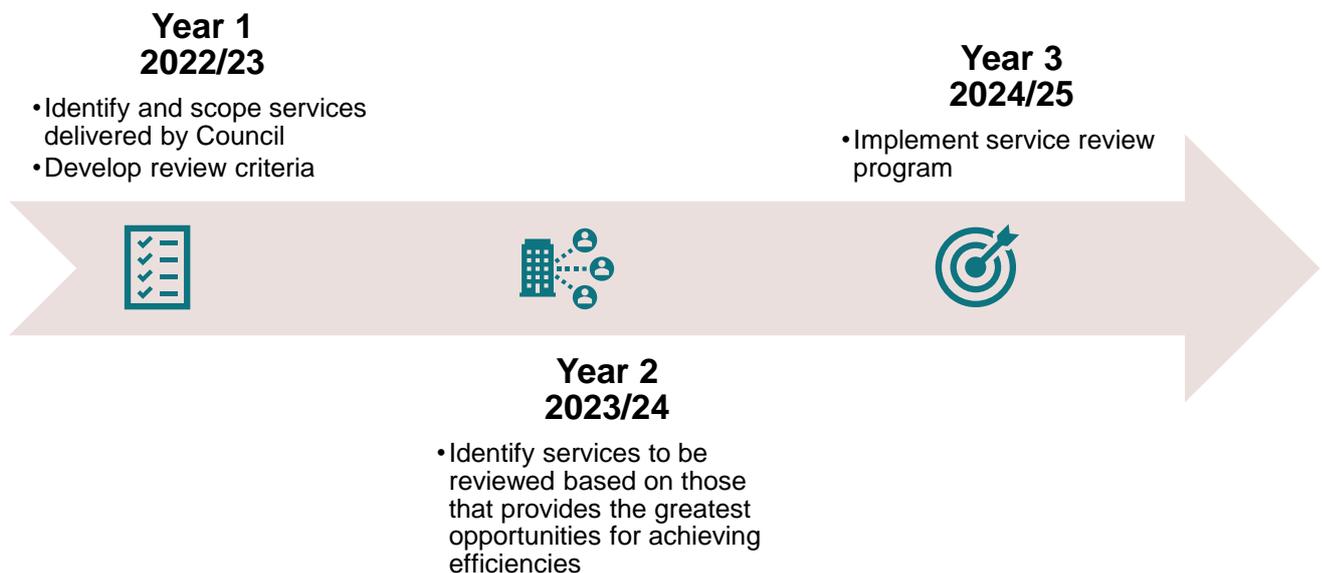
## Service Review Framework

- 35 The purpose of a service review framework is to develop a methodical approach to continuous improvement. Service reviews focus on the quality and efficiency of services, to ensure that they meet the needs and expectations of the community. The benefits of implementing a service review framework are realised through:

- Improved service quality and user satisfaction
- Increased efficiency and effectiveness of council services
- Enhanced accountability and transparency in service delivery
- Better outcomes for the community as a whole

5

**Next steps**



Council will develop a Draft Service Review Framework which will outline:

- The purpose of the review program;
- 10 • Council's approach to service reviews, including community engagement;
- Development of required tools;
- Roles and responsibilities for service reviews;
- Expected benefits from a service review program.

The expected completion date for this is December 2023.

- 15 A service review schedule will then be developed based on Council's agreed approach, with reviews likely to commence July 2024.

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.3: Ethical and efficient management of resources	1.3.5: Resourcing - Identify and investigate resourcing to meet future needs	1.3.5.7	<b>2022/23 OP</b> Identify and scope services delivered by Council to inform opportunities for achieving efficiencies
				<b>DRAFT 2023/24 OP Activity</b> Develop a service review framework to plan for and deliver opportunities for achieving efficiencies

### Legal/Statutory/Policy Considerations

- 5 Service reviews are guided by:
- s428A(2)(g) and s428A(3) of the Local Government Act
  - [Guidelines for Risk Management and Internal Audit for Local Government](#)
  - [Integrated Planning & Reporting Guidelines](#)

### Alignment with ARIC Responsibilities

- 10 This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

#### 5.7. Service Reviews

- a) Review the effectiveness of the service review program in improving service delivery performance.

### 15 Financial Considerations

The development of the Service Review Framework has been incorporated into an existing position with limited additional resourcing.

- 20 The financial considerations of individual service reviews will depend on the specific scope and goals of the review, as well as the internal resources available. It's important to consider the costs and benefits of conducting a service review, to ensure that recommendations can be implemented to realise any projected efficiencies. These factors will be considered in the Service Review Framework.

**Consultation**

Further consultation will occur with the Executive Team and Managers to ensure service reviews are prioritised according to levels of risk or other strategic considerations.

- 5 The ARIC will be updated on the progress of the development and implementation of the Service Review Framework and will have the opportunity to provide feedback at key stages of the process.

**Report No. 7.3      Fraud and Corruption Control Update**

**Directorate:**                      General Manager

**Report Author:**                Ralph James, Legal Counsel

**File No:**                            I2023/586

5      **Summary:**

This report provides an update on the training which has been (and will continue to be) made available to certain staff to aid in Council's fraud and corruption control.

10

## Report

5 Council has a *Fraud and Corruption Control Policy* (a draft updated version of which is reported to this meeting under a separate report). This Policy sets the framework for the governance approach to managing fraud and corruption. The focus to date has been on training and the implementation of practical measures derived from the training, to address the objective for reducing or removing the potential for fraudulent or corrupt conduct by staff, clients, contractors and suppliers.

10 Council has looked to courses provided by the Independent Commission Against Corruption (ICAC) and other Government agencies. Courses have been undertaken by staff at middle management level and those specifically involved in procurement, contract management and governance.

15 Council conducts ongoing training in its Code of Conduct for staff and Councillors. The requirement for Conflict of Interest Declarations for staff, Councillors and ARIC committee members is also another tool used by Council to manage fraud and corruption. Regular communication with Councillors is had regarding conflicts of interests and gifts and benefits.

The following Corruption Prevention Network webinars and training are a sample of what has been undertaken by various staff in 2022-2023:

- 4 August 2022: *Preparing for the new PID Act 2022 (webinar)*
- 20 - 22 November 2022: *Preparation for significant changes to whistleblower legislation in NSW*
- 15 February 2023: *Behaving Ethically? Updates to the NSW Code of Ethics and Conduct for Government Sector Employees*
- 19 April 2023: *Investigation Report on Operation Paragon*

25 On 22 November 2022 Council's Legal Counsel presented to the all staff forum on aspects of fraud and corruption control.

In March 2023 Legal Counsel and the Governance and Internal Audit Coordinator attended the Local Government Professionals NSW Governance Conference where certain agenda items covered fraud and corruption control measures.

30 Procurement and contract management are areas regularly investigated by the ICAC and the NSW Audit Office. The way that an organisation carries out its procurement and contract management activities has a significant impact on the likelihood of corruption occurring, so the ICAC offers several workshops focusing on corruption prevention in these areas.

35 These workshops are designed to assist staff with procurement duties, contract management roles or responsibility for overseeing these functions to understand the probity requirements and corruption opportunities associated with procurement. They assist participants to identify where the weaknesses in their procurement systems lie and

# BYRON SHIRE COUNCIL

## FOR INFORMATION ONLY

7.3

where opportunities for corruption may be and will help them to understand what they can do to prevent corruption in the procurement context.

5 Training on Corruption in Procurement was delivered by ICAC to key staff in May and June 2022. The IPAA NSW was also engaged to provide four training sessions to key staff in October and November 2022 on fundamentals of procurement and fraud and corruption were discussed as part of this training. In addition, tailored procurement training is provided to the Infrastructure Services team new starters and to staff upon request regarding processes around tendering and procurement.

10 Risk, Business Continuity and Procurement training is offered to all new staff which flags issues of fraud and corruption, eg transparency, value for money and conflict of interests.

ICAC recently released its "[Assessing Corruption Control Maturity](#)" paper. It is currently being considered and its recommendations will be implemented as considered appropriate to Council's operations.

## Strategic Considerations

### 15 Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.3: Ethical and efficient management of resources	1.3.4: Procurement - Ensure Council's procurement framework is robust, efficient, and effective	1.3.4.1	Investigate and implement initiatives to build internal capacity in effective procurement and contract management

## Legal/Statutory/Policy Considerations

*Local Government Act 1993 and Local Government (General) Regulation 2021*

Code of Conduct

Procurement Guide

20 Fraud and Corruption Control Policy

## Alignment with ARIC Responsibilities

This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

**5.1. Compliance**

- d) Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

5 **5.3. Fraud Control**

- a) Review whether management's fraud and control plan and prevention strategies are adequate and effective.
- b) Review whether management has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

10

**Financial Considerations**

There is budget to deliver training, and ICAC training is provided free of charge.

**Report No. 7.4      Draft Operational Plan 2023/24**

**Directorate:** Corporate and Community Services

**Report Author:** Heather Sills, Manager Corporate Services

**File No:** I2023/556

**5 Summary:**

All Councils in NSW use the IP&R framework to guide their planning and reporting activities. The Community Strategic Plan, the Delivery Program and the Operational Plan form part of the Integrated Planning and Reporting Framework which is a requirement under the *Local Government Act 1993* (Sections 402 to 406).

10 Council's Operational Plan articulates the key activities to be delivered in a financial year based on the community objectives in the [Byron Shire Community Strategic Plan 2023](#) and the priorities in the 4-year Delivery Program. 2023/24 will be the second year of the [Delivery Program 2022-26](#).

15 The Draft 2023/24 Operational Plan, Budget, and Statement of Revenue Policy are currently on public exhibition for 28 days. This report provides a copy of the exhibited documents to the Audit, Risk, and Improvement Committee.

**Attachments:**

- 20    1    DRAFT Operational Plan 2023/24, E2023/32929 
- 2    DRAFT Detailed Budget Estimates 2023/24, E2023/37453 
- 3    DRAFT Statement of Revenue Policy 2023/24, E2023/37451 

## Report

5 All Councils in NSW use the IP&R framework to guide their planning and reporting activities. The Operational Plan, Budget, and Statement of Revenue Policy form part of the Integrated Planning and Reporting Framework which is a requirement under the *Local Government Act 1993*.

### Draft 2023/24 Operational Plan, Budget, and Statement of Revenue Policy

10 The annual Operational Plan details the individual projects and activities that will be undertaken each year to achieve the commitments of the delivery program. The Operational Plan must include the Council’s annual budget, along with Council’s Statement of Revenue Policy, which sets the proposed rates, fees and charges for that financial year.

15 The draft documents were endorsed for public exhibition at the 27 April Ordinary Meeting of Council. Submissions are open until 29 May 2023 and can be made online at: [Have your say on the Draft Operational Plan and Budget 2023 to 2024](#)

## Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.1: Leadership - Enhance leadership effectiveness, capacity, and ethical behaviour	1.1.1.3	Develop 2023/24 Operational Plan

### Recent Resolutions

- **22-335** – adoption of the *Byron Shire Community Strategic Plan 2023*
- 20 • **22-332** – adoption of the *Delivery Program 2022-26*

### Legal/Statutory/Policy Considerations

The requirements for Integrated Planning and Reporting are governed by [Sections 402-406](#) of the Local Government Act 1993. [Section 405](#) outlines the Operational Plan requirements including public exhibition and timeframes.

The specific statements required by Council to be disclosed as part of its Revenue Policy are determined by [Clause 201 of the Local Government \(General\) Regulation 2005](#).

Detailed requirements are outlined in the Integrated Planning and Reporting [Guidelines](#) and [Handbook](#).

## 5 Alignment with ARIC Responsibilities

This report has been prepared to support the committee in fulfilling the following responsibilities as set out in the ARIC Constitution:

### 5.6 Implementation of the Strategic Plan, Delivery Program and Strategies

- 10 a) Review whether Council is achieving the objectives and goals it set out in its Community Strategic Plan and successfully implementing its Delivery Program, Operational Plan and other strategies.

## Financial Considerations

A detailed budget and Statement of Revenue Policy has been prepared and is on exhibition with the draft Operational Plan.

## 15 Consultation and Engagement

In accordance with the *Local Government Act*, the draft Operational Plan (including the annual budget, revenue policy, and fees and charges) is currently being exhibited for 28 days. Prior to the adoption the Operational Plan, Council must consider any submissions received during the exhibition period.

20

**Report No. 7.5      Items for discussion as requested by ARIC members**

**Directorate:** Corporate and Community Services

**Report Author:** Esmeralda Davis, Director Corporate and Community Services

5 **File No:** I2023/588

**Summary:**

This report outlines requests from ARIC members for discussion items, as provided via the ARIC Chair to staff.

10

## Report

The following matters were provided for discussion via the ARIC Chair:

1. **Audit of caravan parks:** *revise the Internal Audit agenda so that caravan parks be included in the 2024 FY Internal Audit plan.*
  
- 5      2. **IT security:** This matter is covered by the Cyber Security report, provided in this Agenda.  
  
*Committee member suggestion to recommend to Council to:*
  - *undertake quarterly independent penetration & vendor security testing*
  - *escalate the Civica issues to their top management, including their compliance & performance of their service agreement with Council.*
  
- 10      3. **Financial Template for special projects:** This matter may already be covered by a separate report in this Agenda on current priority projects which was previously requested by the Committee. This will include information on existing project management processes, which may inform this discussion.

## 15 Strategic Considerations

### Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
<b>1: Effective Leadership</b> We have effective decision making and community leadership that is open and informed	1.2: Engage and involve community in decision making	1.2.4: Advisory Committees - Coordinate advisory committees to inform decision making on their areas of expertise	1.2.4.2	Coordinate the Audit Risk and Improvement Committee and internal audit program including reporting

### Financial Considerations

The financial implications of any further reports and recommendations to Council arising from these discussions would need to be considered.