

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	Monday, 25 November 2024
Time	1.30PM

Esmeralda Davis
Director Corporate and Community Services

I2024/1526
Distributed 11/11/24



BYRON
SHIRE
COUNCIL

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. STAFF REPORTS

Corporate and Community Services

- 3.1 Draft Audit, Risk and Improvement Terms of Reference and 2025 Agenda Schedule..... 6
- 3.2 2023/2024 Financial Statements and External Audit Closing Report..... 9
- 3.3 Draft Internal Audit Charter 22

4. CONFIDENTIAL REPORTS

Corporate and Community Services

- 4.1 CONFIDENTIAL - Internal Audit Plan 2024-2028..... 25
- 4.2 CONFIDENTIAL - Internal Audit Report Quarter 4 2023-2024 and Q1 2024-2025..... 26

5. LATE REPORTS

6. FOR INFORMATION ONLY

- 6.1 CONFIDENTIAL - Cyber Security and System Outages Quarterly Update 27
- 6.2 CONFIDENTIAL - Risk Profile and Update..... 28
- 6.3 Annual Report 2023/24 and State of Our Shire Report 2024..... 29
- 6.4 Operational Plan 2024/25 Quarter 1 Report - to 1 July to 30 September 2024 33
- 6.5 Business Continuity Plan 37
- 6.6 Delegation of Functions 2024 41
- 6.7 Annual Legislative Compliance Status Report 2023-2024..... 45

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 3.1 Draft Audit, Risk and Improvement Terms of Reference and 2025 Agenda Schedule

5 **Directorate:** Corporate and Community Services

Report Author: Mila Jones, Governance and Internal Audit Coordinator

File No: I2024/1329

Summary:



10 The purpose of this report is to present a draft Terms of Reference and 2025 Agenda Schedule for consideration and endorsement by the Audit, Risk and Improvement Committee.

15 **RECOMMENDATION:**

That the Audit, Risk and Improvement Committee:

1. **Reaffirms the Audit, Risk and Improvement Committee Terms of Reference (Attachment 1 E2024/20686) and recommends to Council that they be adopted.**
2. **Considers and endorses the Agenda Schedule for 2025 (Attachment 2 E2024/120676).**

Attachments:

- 1 Terms of Reference: Audit, Risk and Improvement Committee 2024, E2024/20686 
- 2 Draft ARIC Agenda Schedule 2025, E2024/120676 

Report

Terms of Reference

5 The *Local Government (General) Regulation 2021* ([section 216K](#)) requires a Council's Audit, Risk and Improvement Committee (ARIC) to operate according to terms of reference. This provides clear guidance on how it should serve the Council and that the Council has input into how the ARIC will operate given its investment. The terms of reference ensure clarity in the relationship between Council and the ARIC, and that the Council can measure the ARICs performance.

10 The terms of reference are to be approved by resolution of Council and reviewed annually by the ARIC and once each Council term by the Council. Since the new term of Council commenced in October 2024 it is proposed that the terms of reference are recommended to the new Council for adoption at the next available Council meeting.

15 Councils must consider the model terms of reference as provided in the Office of Local Government's [Guidelines for Risk Management and Internal Audit for Local Government in NSW](#) (the Guidelines). The terms of reference currently adopted by Council is based on this model. The model allows for insertions to be made within the document, namely with regard to:

- 20 1. Clause 3 Authority, 7th dot point regarding legal or other professional advice, it is to be determined what prior approval is needed or a pre-determined budget for costs. Council's current Terms of Reference provides "*With the concurrence of the General Manager or Mayor*".
- 25 2. Clause 9.1 Meetings, the number of meetings has traditionally been set at four meetings per year with an extraordinary meeting in October for the purpose of reviewing Council's financial statements. Council has currently budgeted for this number of meetings for 2024-2025.
- 30 3. Clause 9.3 Secretariat, it is to be determined how far in advance the ARIC receives the agenda before a meeting, and how soon after the meeting they receive the draft minutes for approval. Council's current Terms of Reference allows for two weeks for the agenda and three weeks for minutes to be distributed.
- 35 4. Clause 9.4 Resignation and dismissal of members, it is to be determined what the length of notice is for a committee member to give if they are not able to complete their term or do not intend to seek reappointment after the expiry of their term. The current Terms of Reference sets this at three months notice. Three months allows for recruitment and endorsement by Council of a new member.

35 2025 Agenda Schedule

The draft Agenda Schedule for 2025 (Attachment 2) contains items to be considered at each meeting to assist the ARIC in fulfilling its obligations under the terms of reference and [s428A of the Local Government Act 1993](#). An agenda schedule is prepared annually to ensure relevance of information provided to the ARIC.

The ARIC may also choose to include additional reports as required during the year, through the Chairperson.

Next steps

5 It is envisioned that the ARIC will review the terms of reference, and if changes are necessary, a draft document is reported to Council for adoption.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership	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

Recent Resolutions

[24-295 Ordinary Meeting 27 June 2024](#) (Adoption of current Terms of Reference)

10 **Legal/Statutory/Policy Considerations**

[section 428A of the Local Government Act 1993](#)

Alignment with ARIC Responsibilities

This report has been prepared to support the ARIC in fulfilling its responsibilities as set out in the Terms of Reference.

15 **Financial Considerations**

Should the ARIC choose to increase the number of meetings in 2024-2025, a budget variation may be necessary.

Consultation and Engagement

Consultation on the terms of reference and 2025 agenda schedule is via this report.

20

**Report No. 3.2 2023/2024 Financial Statements and
External Audit Closing Report**

Directorate: Corporate and Community Services

Report Author: James Brickley, Manager Finance

5 **File No:** I2024/1520

Summary:

The 2023/2024 Financial Statements have been audited, adopted by Council and lodged with the Office of Local Government on 31 October 2024.

10 The normal practice is the draft financial statements and the External Audit Closing Report are presented to the Audit Risk and Improvement Committee for consideration prior to submission to Council for adoption and finalisation of the audit.

Given the Audit, Risk and Improvement Committee was not operational at this time, it was not possible for the required consideration for the 2023/2024 financial year to be undertaken prior to Council adoption and lodgement of the financial statements.

15 Nevertheless, this report is provided to the Committee for background and information about the recently completed 2023-2024 Financial Statements and the External Audit Closing Report regarding the financial statements.

20 It is expected that a representative of the NSW Audit Office will be available at the meeting to discuss the audit engagement closing report and answer any queries the Committee may have.

RECOMMENDATION:

25 **That the Audit, Risk and Improvement Committee notes the External Audit Engagement Closing Report for the year ended 30 June 2024 provided by the Audit Office of NSW provided at Attachment 1 (#E2024/131009) and 2023-2024 Financial Statements provided at Attachment 2 (#E2024/131187).**

Attachments:

- 30
- 1 2023-2024 External Audit Engagement Closing Report, E2024/131009 
 - 2 2023-2024 Published Financial Statements, E2024/131187 

Report

The 2023/2024 Financial Statements have been audited, adopted by Council and lodged with the Office of Local Government on 31 October 2024.

5 The normal practice is the draft financial statements and the External Audit Closing Report are presented to the Audit Risk and Improvement Committee for consideration prior to submission to Council for adoption and finalisation of the audit.

Given the Audit, Risk and Improvement Committee was not operational at this time, it was not possible for the required consideration for the 2023/2024 financial year to be undertaken prior to Council adoption and lodgement of the financial statements.

10 Nevertheless, this report is provided to the Committee for background and information about the recently completed 2023-2024 Financial Statements and the External Audit Closing Report regarding the financial statements.

External Audit Engagement Closing Report

15 This report provides information to the Audit, Risk and Improvement Committee about the audit outcome, audit findings and the audit process. A representative of the Audit Office of NSW is expected to discuss the report and answer any queries the Committee may have.

Financial Statements

20 The Financial Statements are a statutory requirement and provide information on the financial performance of Council over the previous twelve-month period.

The 2023/2024 Financial Statements provided at Attachment 2 are broken down into:

- General Purpose Financial Statements
- Special Purpose Financial Statements
- 25 - Special Schedules

30 As in previous years, Council produces Special Schedules that are not audited (except Permissible Income for General Rates). However, since the 2018/2019 financial year, they are no longer required to be published as part of Council's Financial Statements, except for the Special Schedules relating to Permissible Income for General Rates and Report on Infrastructure Assets. The Special Schedules are still produced and submitted to the Office of Local Government as part of the annual financial data return.

35 Brief explanations for each item is as follows:

General Purpose Financial Statements

40 These Statements provide an overview of the operating result, financial position, changes in equity and cash flow movement of Council as at 30 June 2024 on a consolidated basis with internal transactions between Council's General, Water and Sewerage Funds eliminated. The notes included with these reports provide details of major items of income

and expenditure with comparisons to the previous financial year. The notes also highlight the cash position of Council and indicate which funds are externally restricted (i.e., may be used for a specific purpose only), and those that may be used at Council's discretion.

5 **Special Purpose Financial Statements**

These Statements are a result of the implementation of the National Competition Policy and relate to those aspects of Council's operations that are business oriented and compete with other businesses with similar operations. Mandatory disclosures in the
10 Special Purpose Financial Reports are Water and Sewerage. Additional disclosures relate to Council business units that Council deems 'commercial'. In this regard Council has traditionally reported its caravan park operations, being Suffolk Beachfront Holiday Park and First Sun Holiday Park, on a combined basis. These financial reports must also classify business units in the following categories:

15

- Category 1 – operating turnover is greater than \$2million
- Category 2 – operating turnover is less than \$2million

20

All Council's business units are classed as Category 1 with all having operating turnover greater than \$2 million.

25

Another feature of the Special Purpose Financial Reports is to build taxes and charges, where not physically incurred, into the financial results in order that the results can be measured on a 'level playing field' with other organisations operating similar businesses,
25 who *are* required to pay these additional taxes and charges. These taxes and charges include:

30

- Land tax – Council is normally exempt from this tax, so notional land tax is applied.
- Income tax – Council is exempt from income tax and in regard to these reports, company tax. Any surplus generated has a notional company tax applied to it.
- Debt guarantee fees – Generally due to the low credit risk associated with Councils, Councils can often borrow loan funds at lower interest rates than the private sector. A debt guarantee fee inflates the borrowing costs by incorporating a notional cost
35 between interest payable on loans at the interest rate borrowed by Council and one that would apply commercially.

40

The Special Purpose Financial Reports are prepared on a non-consolidated basis - in other words they are grossed up to include any internal transactions with the General Fund.

Specific Items relating to 2023/2024 Financial Statements

45

Before consideration is given to the actual financial outcome, it should be noted that the Office of Local Government restructured the Local Government Code of Accounting Practice and Financial Reporting from the 2020/2021 financial year onwards. This means that the notes to the General Purpose Financial Statements are now broken into Sections as follows:

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

- Section A – About Council and these Financial Statements
- Section B – Financial Performance
- Section C – Financial Position
- Section D – Council Structure
- 5 • Section E – Risks and Accounting Uncertainties
- Section F – People and Relationships
- Section G – Other Matters
- Section H – Additional Council Disclosures

10 Some line items previously within certain notes have been moved to other notes.

The 2023/2024 Financial Statement results have been impacted by the following items that require explanation:

- 15 • Overall Audit Outcome

Council for the 2023/2024 financial year received a ‘unmodified’ or ‘clean’ audit opinion from the NSW Audit Office for both the General Purpose and Special Purpose Financial Statements.

- 20 • Operating Result from Continuing Operations

25 The 2023/2024 financial year has seen a positive overall financial result. Council recorded a \$42.620million surplus compared to the \$31.581million surplus in 2022/2023. This result incorporates the recognition of capital revenues such as capital grants and contributions for specific purposes and asset dedications amounting to \$38.624 million, compared to \$29.560million in 2022/2023.

30 A more important indicator is the operating result before capital grants and contributions. This result was a surplus of \$3.996 million in 2023/2024 compared to a surplus of \$2.021million in 2022/2023, representing an increase of \$1.975million between financial years. Whilst an ongoing improvement, this result is influenced more so by timing of events due to revenue recognition accounting standards for grants such as receipt of natural disaster funding with expenditure incurred in the previous financial year and receipt
35 of 85% of the 2024/2025 Financial Assistance Grant in advance.

40 With reference to the Income Statement to the General Purpose Financial Statements included at Attachment 2, the following table indicates the major changes between 2023/2024 and 2022/2023 by line item:

Item	Change between 2023/2024 and 2022/2023 \$'000	Change Outcome	Comment
Income			
Rates & Annual Charges	+\$4,222	Increase	Reflects imposition of the 2023/2024 rate peg of 4.6% and changes in annual charges from Council’s adopted 2023/2024 Revenue Policy.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

Item	Change between 2023/2024 and 2022/2023 \$'000	Change Outcome	Comment
User Charges and Fees	+\$3,023	Increase	A contributor to this change was water consumption charges +\$1.573million, sewerage consumption charges +\$0.407million and pay parking revenues +\$0.809million. Further information is available in Note B2-2 to Attachment 1.
Other Revenues	+\$526	Increase	The major increase in this item relates to fine revenues +\$0.181million and insurance recoveries +\$0.446million.
Grants & Contributions – Operating	-\$13,141	Decrease	Overall operating grants and contributions decreased significantly due to reduction in flood recovery grants received for emergency works for AGRN 1012. These were received in the 2022/23 financial year but are a one off grant. Further information is available in Note B2-4 to Attachment 1.
Grants & Contributions – Capital	+\$9,064	Increase	Revenue increase in this item mainly relates to the revenue recognition for completing grant funded capital works milestones. There was also an increase of +\$1,379million in developer contributions received. Further information is available in Note B2-4 to Attachment 1.
Interest and Investment Revenue	+\$2,101	Increase	Interest rates during 2023/2024 have remained high to combat inflation. This has increased the return on Council's investments in addition to having additional funds to invest. Council also received additional revenue on outstanding rates and charges of +\$0.376million due to the level of outstanding rates and charges.
Other Income	+\$286	Increase	Principally relates to change in revenues from property leases.
Total Income Change	+6,080	Increase	
<u>Expenditure</u>			
Employee Benefits and Oncosts	+\$2,913	Increase	Overall employee costs increased in gross terms by \$2.762million but there was also a decrease of \$0.151million of employee costs capitalised on capital works in 2023/2024 compared to 2022/2023. There was an increase of \$0.383million in

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

Item	Change between 2023/2024 and 2022/2023 \$'000	Change Outcome	Comment
			superannuation contributions and \$0.122million in training costs. Gross salaries and wages increased by \$2.153million that incorporated a 4.5% Award wage increase. More information is provided at Note B3-1 to Attachment 1.
Materials & Services	-\$7,605	Decrease	Materials and Services decreased \$7.605million overall. Raw materials and consumables decreased \$8.876million significantly due to expenditure on flood recovery works not capitalised associated with emergency works and immediate repair works completed in 2022/2023. Further changes include an decrease of \$0.086million in legal expenses, increase of \$0.182million in insurance costs, increase of \$0.163million for IT software costs and increase of \$0.654million for the use of casual labour hire. Other changes can be found at Note B3-2 to Attachment 1.
Borrowing Costs	+\$21	Increase	Reduction in interest of \$0.094million paid on loan borrowings but an increase of \$0.115million associated with remediation liabilities.
Depreciation	+\$1,707	Increase	Respective changes between asset classes are outlined at Note B3-4 to Attachment 1. Essentially major increase is due to the ongoing revaluation and indexation of assets each year now flowing through with increased depreciation expense.
Other Expenses	+\$163	Increase	Overall variations in line items as disclosed at Note B3-5 to Attachment 1. The major changes were \$0.092million increase in emergency services contributions, and \$0.110million increase contribution to Richmond Tweed Regional Library, increase of \$0.060million for impairment of receivables but a reduction of \$0.103million relating to fair value movement on investments.
Net Losses from Disposal of	-\$2,158	Decrease	Reflects the written down value of assets disposed of at the end of financial year and is contingent upon the extent of

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

Item	Change between 2023/2024 and 2022/2023 \$'000	Change Outcome	Comment
Assets			assets disposed and their written down value at the time of disposal which can vary. For 2023/2024, Council has more disposals than gains, including the disposal of infrastructure \$0.964million, reflecting the level of capital works disposals with plant and equipment obtaining a \$0.095million gain. Further details can be found at Note B4-1 to Attachment 1 but overall a significant reduction compared to 2022/2023.
Total Expenditure Change	-\$4,959	Decrease	
Change in Result	+\$11,039	Increase	Increase in overall surplus between financial years.

Following from the operating results, are the performance ratios at Note H1-1 to the General Purpose Financial Statements. These have been derived following the financial assessments undertaken by NSW Treasury Corporation on all NSW Councils in 2012 and are now incorporated into the latest update to the Code of Accounting Practice and Financial Reporting that determines the content of Council's Financial Statements.

These ratios present either a stable or improving result for Council except for the following:

Outstanding, Rates and Annual Charges – Council's ratio has increased to 13.03% in 2023/2024 from 11.94% in 2022/2023. The increase can be attributable to rates and charges increases, the cumulative impacts of the COVID-19 pandemic and the February/March 2022 flood events. Through its assistance program to the community up to 30 June 2022, which included not charging interest and suspending debt recovery, this reduced the incentive for people to pay. As a consequence, the rates and charges outstanding percentage has increased which has influenced the current result. Adding in the cost of living pressures now evident in the economy, this is making recovery of outstanding rates and annual charges difficult. Additional resourcing is being engaged to start actively pursuing the recovery of outstanding amounts and it is expected this ratio should stabilise or start to decrease in the 2024/25 financial year.

Pleasingly, Council met every other performance benchmark including the Operating Performance Ratio for a second year. As a note of caution, this ratio will fluctuate with revenue recognition accounting standards now in place in that grant revenues cannot be matched against expenditure but only in accord with firstly grant and subsequent claim approvals i.e. natural disaster funding and milestone achievement. However, Council needs to improve this result back towards the benchmark as it is a key financial sustainability indicator.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

- Asset Revaluations

5 During 2023/2024, there was no specific asset revaluations due. However, an external review of assets relating to Operational Land was undertaken following the significant decline in valuations by the NSW Valuer General applied to Community and Crown land. These reviews have changed Council's asset values by the following amounts:

- Operational Land – an increase of \$2.842million
- 10 • Community and Crown Land – a reduction of \$46.961million

15 Operational Land represents a further increase following a review conducted by an external valuer APV of around 1.3% in value compared to 2022/2023. For Community and Crown Land, Council utilises valuations provided by the NSW Valuer General as a valuation methodology given Community Land and Crown Land cannot be sold to determine fair value. In the space of 12 months there was a dramatic reduction in values supplied by the Valuer General where Community Land values reduced 18.4% overall and Crown Land values reduced 9.3%.

- 20 • Asset Recognition, Indexation and Impairment

As indicated at Note C1-7 to Council's financial statements, Council recognised \$43.774million on asset renewals and \$13.254million on new assets. The extent of asset renewals is still significant and demonstrates ongoing commitment in that area. The depreciation expense of Council's assets for 2023/2024 was \$21.878million so it is pleasing to see that asset renewal was more than the financial depreciation of Council's assets. This will need to be managed carefully when the availability of grant funds decline to restore Council's assets from flood damage associated with AGRN 1012 and Council is left with its own funding sources.

30 Council annually needs to reassess the fair value of assets not subject to a specific revaluation. Consequently across all asset classes, excluding the movement in Operational, Community and Crown Land indexation has added around \$45.399million to the value of Council's infrastructure, property, plant and equipment. With the exception of land which is not depreciated, the indexation will inflate depreciation expense further in future reporting periods that will make the ability to reduce operational deficits, especially in the General Fund, more difficult.

40 The February/March 2022 flood events have also required Council to consider any impairment on its assets. Impairment is the reflection of writing down the fair value of an asset following events that have a negative impact on the asset's ability to deliver its economic benefits or perform its function completely. In terms of the February/March 2022 flood events, any Council infrastructure completely destroyed has been disposed of fully writing off any carrying value. Other assets that were damaged but not totally destroyed were assessed for impairment. This has meant Council has reduced the carrying value of its assets by \$2.157million ranging from buildings, roads, bridges, drainage, and swimming pool assets at 30 June 2022. These impairment charges will be reversed as and when the impaired assets are later repaired and restored. As a result, at 30 June 2024 due to works

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

to restore infrastructure, a further \$461k of the impairment cost recognised previously has been reversed.

- Cash and Investments

5

During 2023/2024, as detailed at Note C1-3 to the financial statements, Council has improved its unrestricted cash and investments position from \$0 at 30 June 2023 to \$400,000 at 30 June 2024. Council's goal of maintaining a \$1million unrestricted cash balance has not yet been able to be achieved however the \$400,000 available in unrestricted cash now provides Council with a small buffer for unforeseen non budgeted expenditure or revenue loss.

10

15

20

Council has established a flood recovery reserve, in an effort to track its expenditure for the recovery works. As at 30 June 2024, this reserve has a balance of negative \$8.695million and is indicative of expenditure incurred by Council that is yet to be reimbursed by the NSW Government through Natural Disaster funding. It needs to be clearly articulated, as it was when for the 2021/2022 financial year, that in establishing this reserve the short term funding to the flood recovery has come from Council's overall internal reserve allocations and that no externally restricted funds have been used for this purpose. It is expected that the flood recovery reserve will cease to exist when Council has completed all flood recovery works and been reimbursed fully for natural disaster funding eligible expenditure over the next few years.

25

All other cash and investments totalling \$118.882million at 30 June 2024 are restricted for specific purposes. Overall, the cash and investment position of Council increased by \$47.247million during the year.

- Receivables and Contract Assets

30

As at 30 June 2023, as detailed at Note C1-4 and C1-6 to the financial statements, Council was due \$23.738million in receivables and contract assets. Outstanding rates and annual charges were \$8.554million, an increase of \$1.086million. Overall receivables and contract assets decreased by \$0.459million compared to the 2022/2023 financial year.

- Payables, Contract Liabilities and Provisions

35

40

45

At 30 June 2023, as detailed at Note C3-1 for payables, Note C3-2 for Contract Liabilities, Note C3-4 for Employee Benefit Provisions and Note C3-5 for Provisions, total payables by Council were \$18.855million including \$7.400million held in security bonds, deposits and retentions, \$1.034million in accrued expenses and \$9.488million payable to suppliers. In addition at 30 June 2024, Council has accrued employee leave entitlements valued at \$8.542million. Specific employee leave entitlements include \$3.371million for annual leave, \$5.080million for long service leave and \$0.091million for gratuities. At 30 June 2024 Council also had \$42.637million in contract liabilities relating to unexpended capital grants and advance bookings for its holiday parks. The significant increase in contract liabilities relates primarily to cash flow support payments Council has received under the 'Tripartite Agreement' with Transport for NSW and the NSW Reconstruction Authority for flood recovery works yet to be completed. It has also made provisions of \$13.024million for

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

the restoration of landfill and quarry assets. In comparison to 2022/2023, total liabilities have increased \$41.940million excluding loan borrowings.

- Loan Borrowings

5 During 2023/2024 Council entered into new loan borrowings and continued to make normal loan repayments. Overall, new loan borrowings for 2023/2024 were \$5.801million with Council refinancing \$4.834million in existing borrowings with a new lender. Overall gross borrowings were \$10.635million.

10 Council's outstanding loans as at 30 June 2024 are \$55.905million. Total loan expenditure for 2023/2024 included interest payments of \$2.643million and principal payments of \$4.103million. Total expenditure in 2023/2024 related to loan repayments was \$6.746million or 6.37% of Council's revenue, excluding all grants and contributions.

15 The outstanding loans by Fund totalling \$55.905million are as follows:

- General Fund \$25.638million
- Water Fund \$0 – Water Fund is debt free
- 20 • Sewerage Fund \$30.267million

- New Accounting Standards

25 The 2023-2024 financial year did not require Council to implement any new accounting standards that impacted the financial statements in terms of monetary disclosures. However, Council has adopted the requirements of AASB 2021-2 which concerns the disclosure of accounting policies and definitions of accounting estimates in the financial statements. This has resulted in the removal of accounting policy wording from a number of the notes to the financial statements. Where disclosure is provided under the heading
30 'Material accounting policy', such disclosure has been deemed material in relation to the monetary disclosures in the various notes. Previously the disclosures included significant accounting policies that included material accounting policies so the disclosures deemed as 'significant accounting policies' are no longer disclosed and have been removed.

- 35 • Liquidity

Council's Statement of Financial Position (balance sheet) indicates net current assets of \$61.937million. It is on this basis, in the opinion of the Responsible Accounting Officer, that the short term financial position of Council remains satisfactory and that Council can be
40 confident it can meet its payment obligations as and when they fall due. That is, there is no uncertainty as to Council being considered a 'going concern'. In addition, Council's cash expense cover ratio is at 14.68 months whereas the minimum benchmark is 3 months. Council exceeds this benchmark by nearly five times.

45 Council's Unrestricted Current Ratio did improve to 3.75, demonstrating Council has \$3.75 in unrestricted current assets compared to every \$1.00 of unrestricted current liabilities. This exceeds the benchmark of \$1.50 by 2.5 times.

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

On a longer term basis Council will need to consider its financial position carefully. Nevertheless, in isolation, the financial results for 2023/2024 continue to present a 'stable' financial position with improvement especially given Council is now in infrastructure recovery mode following the impact of the February/March 2022 flood events and is carrying significant debt on behalf of the NSW Government but has currently been offset by substantial advance payments in the short term. As the flood recovery works are completed this will extinguish advance payments.

Further work is required to restore the unrestricted cash balance to at least \$1million, or a further \$600,000 from the position at 30 June 2024.

Council will especially need to carefully manage its cash flow obligations as it starts to commit further significant expenditure in the flood recovery for Essential Public Asset Restoration (EPAR) and be diligent in the lodgement of claims for reimbursement as Council will be operating on a business as usual footing plus flood recovery for the next few years.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership We have effective decision making and community leadership that is open and informed	1.3: Ethical and efficient management of resources	1.3.1: Financial Management - Ensure the financial integrity and sustainability of Council through effective financial management	1.3.1.3	Provide completion of Council's statutory annual financial statements for 2023/2024.

Legal/Statutory/Policy Considerations

Section 413(2)(c) of the Local Government Act 1993 and Section 215 of the Local Government (General) Regulation 2021 requires Council to specifically form an opinion on the financial statements. Specifically Council needs to sign off an opinion on the Financial Statements regarding their preparation and content as follows:

In this regard the Financial Statements have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

And the content to the best of our knowledge and belief:

- Presents fairly the Council's operating result and financial position for the year.
- Accords with Council's accounting and other records.
- 5 • Management is not aware of any matter that would render the Financial Statements false or misleading in any way.

10 Section 416(1) of the Local Government Act 1993, requires a Council's annual Financial Statements to be prepared and audited within four (4) months of the end of that financial year i.e. on or before 31 October 2024.

Section 417(4) of the Local Government Act 1993 requires, as soon as practicable after completing the audit, the Auditor must send a copy of the Auditor's Reports to the Departmental Chief Executive and to the Council.

15 Section 417(5) of the Local Government Act 1993 requires Council, as soon as practicable after receiving the Auditor's Reports, to send a copy of the Auditor's Reports on the Council's Financial Statements, together with a copy of the Council's audited Financial Statements, to the Departmental Chief Executive before 7 November 2024.

20 Section 418(1) of the Local Government Act 1993 requires Council to fix a date for the Meeting at which it proposes to present its audited Financial Statements, together with the Auditor's Reports, to the public, and must give public notice of the date so fixed. This requirement must be completed within five weeks after Council has received the Auditor's Reports.

25 **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:

5.4. Financial Management

Review and advise Council:

- 30 a) if Council is complying with accounting standards and external accountability requirements
- b) of the appropriateness of Council's accounting policies and disclosures
- c) of the implications for Council of the findings of external audits and performance audits and Council's responses and implementation of recommendations
- 35 d) whether the Council's financial statement preparation procedures and timelines are sound
- e) the accuracy of the Council's annual financial statements prior to external audit, including:
 - management compliance/representations
 - 40 • significant accounting and reporting issues
 - the methods used by Council to account for significant or unusual transactions and areas of significant estimates or judgements
 - appropriate management signoff on the statements

BYRON SHIRE COUNCIL

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

3.2

- 5 f) if effective processes are in place to ensure financial information included in Council's report is consistent with signed financial statements
- g) if Council's financial management processes are adequate
- h) the adequacy of cash management policies and procedures
- 5 i) if there are adequate controls over financial processes, for example:
- appropriate authorisation and approval of payments and transactions
 - adequate segregation of duties
 - timely reconciliation of accounts and balances
 - review of unusual and high value purchases
- 10 j) if policies and procedures for management review and consideration of the financial position and performance of Council are adequate
- k) if Council's grants and tied funding policies and procedures are sound

5.10. External Audit

- 15 a) Act as a forum for communication on external audit issues.
- b) Review the findings of external audits and monitor the implementation by management any recommendations for corrective action.

Financial Considerations

20 There are no direct financial implications associated with this report as the report does not involve any future expenditure of Council funds but rather, advises on Council's financial outcomes during the 2023/2024 financial year, which are identified in this report and attachments.

25

Consultation and Engagement

30 Section 420 of the Local Government Act 1993 requires Council to provide the opportunity for the public to submit submissions on the Financial Statements. Submissions are to be made within seven days of the Financial Statements being presented to the public. In the case of the 2023/2024 Financial Statements, the closing date for submissions is expected to be 5 December 2024 after they are presented to the public at the 28 November 2024 Ordinary Council Meeting.

Report No. 3.3 Draft Internal Audit Charter

Directorate: Corporate and Community Services

Report Author: Heather Sills, Manager Corporate Services

File No: I2024/18

5 **Summary:**

This report presents a draft updated Internal Audit Charter for review and endorsement; the updates in the Council's Charter being based on the Office of Local Government's latest Model Internal Audit Charter which is included in their [Guidelines for Risk Management and Internal Audit Framework for Local Council's in NSW.](#)

10

RECOMMENDATION:

15 **That the Audit, Risk and Improvement Committee endorses the draft Internal Audit Charter (Attachment 1 E2023/128072) for adoption by Council.**

Attachments:

1 DRAFT Internal Audit Charter 2024, E2023/128072 

20

Report

The Office of Local Government (OLG) finalised their [Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW](#) (Guidelines) in November 2023. The Model Internal Audit Charter provided in the latest Guidelines for use by councils has been amended slightly from their original version based on minor changes in the Guidelines. This report presents a draft Internal Audit Charter based on this updated Model and Byron Shire Council's operations.

The main update to this document is changing the reference throughout from *Head of Internal Audit* to *Internal Audit Coordinator* to align with the new Model.

The internal audit coordinator function is assigned to a member of the Corporate Services team, reflected in their title as "Internal Audit Coordinator." This is currently a function of the Risk and Internal Audit Coordinator position (formerly Strategic Risk Coordinator), however substantively is the responsibility of the Governance and Internal Audit Coordinator position. The incumbent of the Governance and Internal Audit position is currently on a 12 month secondment to another role in Council. This approach provides continuity of the function as required by the Guidelines.

The Guidelines state that it is important that a Council's internal audit function has clear guidance on how it should support the Audit, Risk and Improvement Committee (ARIC) and that the ARIC has input into how the internal audit function will operate. This will ensure there is clarity in the relationships between the ARIC, the Council and the internal audit function.

This report recommends that the ARIC reviews and endorses the draft at Attachment 1.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership	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

Recent Resolutions

- [23-260](#) - Original Internal Audit Charter adopted by Council on 22 June 2023

Legal/Statutory/Policy Considerations

The *Local Government (General) Regulation* (section 216O) requires each council to adopt an internal audit charter to guide how internal audit will be undertaken by the council that is informed by the approved Model Internal Audit Charter provided in the Guidelines.

- 5 The ARIC is to review the charter annually in consultation with the General Manager and the internal audit coordinator.

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:

10 **5.9. Internal Audit**

- d) Review and advise Council:
- 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

15 **Financial Considerations**

Council has an annual budget for the internal audit function.

Consultation and Engagement

Consultation with ARIC is by way of this report.

CONFIDENTIAL REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.1 CONFIDENTIAL - Internal Audit Plan 2024-2028

Directorate: Corporate and Community Services

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

File No: I2024/1336

Summary:

10 This report aids the Audit, Risk and Improvement Committee with setting the four year internal audit plan 2024-2028 for recommendation to Council.

RECOMMENDATION:

- 15 1. That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, the Audit, Risk and Improvement Committee moves into Confidential Session to discuss the report Internal Audit Plan 2024-2028.
2. That the reasons for closing the meeting to the public to consider this item be that the report contains:
- 20 a) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it
3. That on balance it is considered that receipt and discussion of the matter in open Committee would be contrary to the public interest, as the nature and content of the internal audit plan report is intended for operational purposes and to manage risk.

25

Attachments:

- 1 Confidential - Internal Audit Plan 2024-2028, E2024/103385

30

**Report No. 4.2 CONFIDENTIAL - Internal Audit Report Quarter 4
2023-2024 and Q1 2024-2025**

Directorate: Corporate and Community Services

Report Author: Mila Jones, Governance and Internal Audit Coordinator

5 **File No:** I2024/1263

Summary:

This report presents the Internal Audit Recommendations Status Report for Quarter 4 2023-2024 and Quarter 1 2024-2025.

10

RECOMMENDATION:

- 15
1. That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, the Audit, Risk and Improvement moves into Confidential Session to discuss the report Internal Audit Report Quarter 4 2023-2024 and Q1 2024-2025.
 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 prejudice the commercial position of the person who supplied it
 - 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 nature and content of internal audit reports is for operational purposes.

25 **Attachments:**

- 1 Confidential - Internal Audit Recommendations Action Status Q4 2023-2024, E2024/78518
- 2 Confidential - Internal Audit Recommendations Action Status Q1 2024-2025, E2024/125859

30

Report No. 6.1 CONFIDENTIAL - Cyber Security and System Outages Quarterly Update

5 **Directorate:** Corporate and Community Services

Report Author: Colin Baker, Manager Business Systems and Technology

File No: I2024/1487

Summary:

10 This report provides a summary of cyber security activities and online service outages for the reporting period 1 April 2024 to 30 September 2024. Also included in this report for the new Committee is a background on Council’s cyber security improvement journey over the past 5 years.

15 Several cyber incidents were recorded during the reporting period. Data breaches occurred due to internal data handling errors and via a third-party vendor. One of these breaches had the potential for causing serious psychological harm to an individual. This incident was reported to the NSW Information Privacy Commissioner and recorded in Council’s mandatory data breach register.

20 Two significant outages to online services occurred during the reporting period. A cyber vulnerability was identified by the State Government’s cyber team in the web platform used to publish development application information. This service was taken offline for 1 week until the vendor supplied an update to address the vulnerability. Council’s main website experienced an outage for several hours due to the worldwide “Crowdstrike” issue which was the result of a failed software update process by the vendor.

25 Cyber improvement activities and regular testing/assessment reviews of both Council systems and key vendors are ongoing. Council was also accepted into the Federal Government’s cyber security “Partner Program”. This initiative provides more timely alerts and advisories on the current cyber threat landscape, as well as technical information sharing and mitigation strategies.

30

Report No. 6.2 CONFIDENTIAL - Risk Profile and Update

Directorate: Corporate and Community Services

Report Author: Amber Watt, Strategic Risk Coordinator

File No: I2024/1501

5

Summary:

10 The following report (Attachment 1) provides an overview of Council's approach to risk management and the activities and initiatives undertaken to assist in meeting the requirements of *AS ISO 31000:2018* and the OLG Guidelines for Risk Management and Internal Audit for Local Government NSW.

The report includes information on Council's:

- Enterprise Risk Management Framework;
- Risk Register updates;
- Resources and training and;
- 15 • Risk Initiatives

Report No. 6.3 Annual Report 2023/24 and State of Our Shire Report 2024

Directorate: Corporate and Community Services

5 **Report Author:** Amber Evans Crane, Corporate Planning and Improvement Coordinator

File No: I2024/1530

Summary:



10 Each NSW Local Government Authority is required under S428 of the *Local Government Act 1993* to prepare and submit to the Minister of Local Government an Annual Report. In the year of an ordinary election, The State of Our Shire Report (formerly referred to as End of Term Report) is to be appended to the Annual Report.

The Annual Report is an opportunity for Council to communicate back to the community how Council has implemented its operational plan and delivered outcomes for the community.

15 The State of Our Shire report gives a summary of the progress of implementation and the effectiveness of the Community Strategic Plan.

20 The documents have been presented to the 24 October 2024 Ordinary Council Meeting for Council to note the Annual Report 2023/24 and endorse The State Of Our Shire Report 2024, and their submission to the Minister for Local Government.

Attachments:

- 25 1 Annual Report 2023/24, E2024/100387 
2 State of Our Shire Report 2024, E2024/104005 

Report

Annual Report

Each Council in NSW has an obligation to prepare and submit an Annual Report. It is an opportunity to report back to the community on Council's progress.

- 5 The attached Annual Report has been prepared in accordance with the *Local Government Act 1993* and includes the information prescribed in the *Local Government (General) Regulation 2021*. Information that is required by the Local Government Act and Regulation, or any other legislative requirement is noted with reference to the relevant legislation in bold.
- 10 In addition to the information required to comply with the above, the Annual Report serves as a key point of accountability between Council and our community.

The Annual Report demonstrates progress across the Operation Plan activities for the past year, as well as to the broader Delivery Program and Community Strategic Plan.

State of Our Shire Report

- 15 The State of Our Shire Report is prepared for the incoming council and must be endorsed at the second meeting of a newly elected council.

The State of Our Shire Report highlights Council's achievements in implementing the 2022 to 2026 Delivery Program over the last four years, noting the previous term of Council was reduced due to the impact of COVID-19 on the Council elections.

- 20 The State of Our Shire Report also demonstrates the ways in which these activities contribute to the five overarching objectives in the Community Strategic Plan 2032:
- Effective Leadership: We have effective decision making and community leadership that is open and informed.
- 25
- Inclusive Community: We have an inclusive and active community where diversity is embraced and everyone is valued.
 - Nurtured Environment: We nurture and enhance the natural environment.
- 30
- Ethical Growth: We manage growth and change responsibly.
 - Connected Infrastructure: We have connected infrastructure, transport, and facilities that are safe, accessible, and reliable.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership	1.1: Enhance trust and accountability through open and transparent leadership	1.1.2: Governance - Ensure legislative compliance and support Councillors to carry out their civic duties	1.1.2.5	Prepare and submit the 2023/24 Annual Report
1: Effective Leadership	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	1.4.4.5	Prepare and submit the State of Our Shire Report

Legal/Statutory/Policy Considerations

[Section 428](#) of the *Local Government Act 1993* requires Council to:

- 5 • Prepare an annual report within 5 months after the end of each year and to
- Detail its achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.
- 10 • Include a copy of the council's audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* published by the Department, as in force from time to time
- Include such other information or material as the regulations or the guidelines under section 406 may require.
- 15 • Post copy of the council's Annual Report on the council's website and provide a copy to the Minister.

The *Local Government (General) Regulation 2021*

[Clause 217](#) prescribes the required information to be included.

The State of Our Shire Report must abide by Essential Element 1.11 of the NSW IP&R Guidelines: *A report on the progress of implementation and the effectiveness of the*

Community Strategic Plan (the State of our City (formerly referred to as End of Term Report) must be presented to and endorsed at the second meeting of a newly elected council.

Alignment with ARIC Responsibilities

- 5 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.

5.8. Collection of Performance Measurement Data by Council

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

15 Financial Considerations

The preparation of both documents were funded within existing budget allocations.

Consultation and Engagement

Both Reports have been published on Council's website.

Report No. 6.4 Operational Plan 2024/25 Quarter 1 Report - to 1 July to 30 September 2024

Directorate: Corporate and Community Services

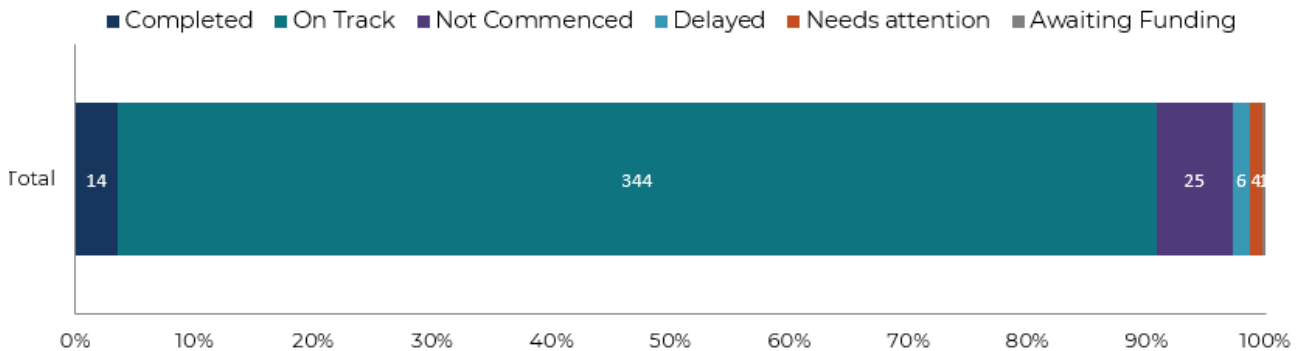
5 **Report Author:** Amber Evans Crane, Corporate Planning and Improvement Coordinator

File No: I2024/1507

Summary:


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

This report represents the progress toward the activities in the 2024/25 Operational Plan at the end of the first quarter for the information of the Audit, Risk and Improvement Committee. A summary of the status is provided in the graph below:



15

Attachments:

1 Operational Plan 2023/24 - Quarterly Report - Q1 - 1 July to 30 September 2024, E2024/124862 

20

Report

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

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

10 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.

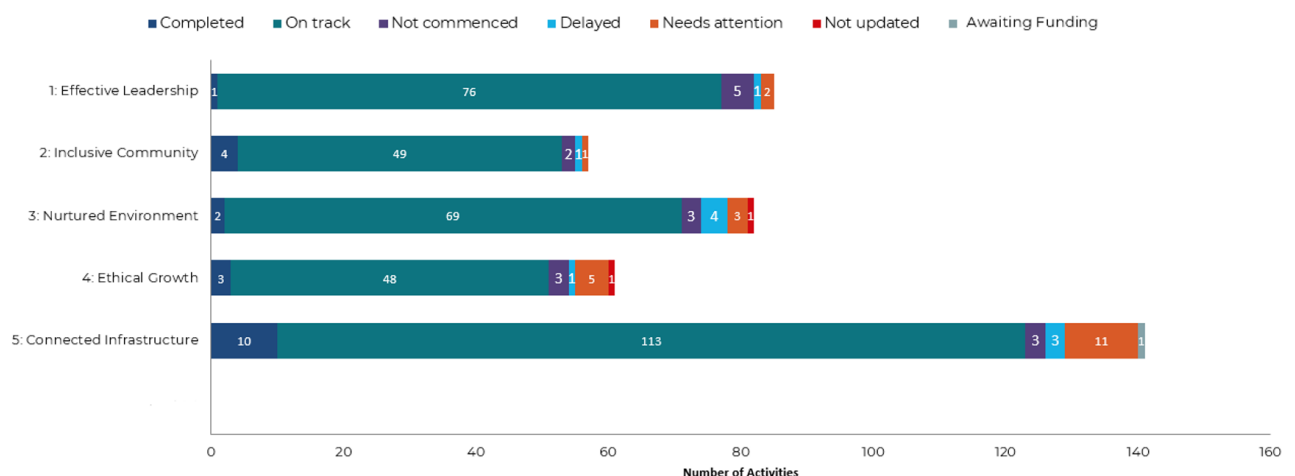
The Quarter 1 report will be provided to Council at the 28 November 2024 Ordinary Council Meeting. Council will also receive a list of any proposed amendments to the OP and rationale for adoption.

Community Objectives

15 The OP Report is structured by the five Community Objectives in the Byron Shire Community Strategic Plan:

- Effective Leadership: We have effective decision making and community leadership that is open and informed
- 20 • Inclusive Community: We have an inclusive and active community where diversity is embraced and everyone is valued
- Nurtured Environment: We nurture and enhance the natural environment
- Ethical Growth: We manage growth and change responsibly
- 25 • Connected Infrastructure: We have connected infrastructure, transport, and facilities that are safe, accessible, and reliable

Q1 Status by Community Objective:



How to read the Report:

The Report (#E2024/124862) details Council’s progress toward the activities in the 2024/25 Operational Plan. It includes a status update on progress and commentary on the activities undertaken during the reporting period.

5 Each section notes the progress against the activities including:

- Activity
- Measure
- Timeframe
- Comments
- 10 • Status

✓ **Completed:** the activity has been completed in accordance with the prescribed measures

▶ **On Track:** progressing and on track, in accordance with the timeframe, measures, and budget

15 ⚠ **Needs Attention:** indicates that the scope of the activity may need to be reviewed in line with constraints such as timeframe/budget

|| **Delayed** - progressing but not currently on track with the timeframe, measures, or budget

20 – **Not Commenced** – not yet commenced or due to commence

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action
1: Effective Leadership	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

Legal/Statutory/Policy Considerations

25 The General Manager is required under Section 404 (5) of the *Local Government Act 1993* to provide regular progress reports as to the Council’s progress with respect to the principal activities detailed in the Delivery Program/Operational Plan.

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 **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.

10 **Financial Considerations**

Council's financial performance for the reporting period is addressed in the Quarterly Budget Review.

Consultation and Engagement

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

Report No. 6.5 Business Continuity Plan

Directorate: Corporate and Community Services

Report Author: Amber Watt, Strategic Risk Coordinator

File No: I2024/1511

5 **Summary:**

Business Continuity Management is an integral part of good governance and an important element in Council's Risk Management Framework. This report contains the current Business Continuity Plan (BCP – attachment 1) and outlines recent recommendations and identified areas of improvement that are driving a broader review of Council processes.

10

Attachments:

1 Business Continuity Plan 2023, E2023/127726 

15

Report

The Business Continuity Plan (BCP) and associated tools and templates provide guidance to the Continuity Management Team (CMT) in respect of managing significant disruption events that threaten the delivery of Council's critical services and operations.

- 5 The suite of documents associated with business continuity management were first endorsed in March 2020 and are comprised of:

BCP Part 1 - Manual

BCP Part 2 - Procedure (including Forms and Templates)

BCP Part 3 – Contacts List and Business Continuity Coordination Centre Locations

- 10 The BCP also comprises Critical Functions Sub-Plans for each Directorate (General Manager's Office, Corporate & Community Services, Infrastructure Services, Sustainable Environment and Economy)

- 15 The Critical Function Sub-Plans serve to assist in the response, recovery and resumption of Council's most critical functions in accordance with their Maximum Acceptable Outage (MAO) timeframe criticalities.

Council regularly reviews and maintains the documentation, thereby ensuring the effectiveness of the agreed strategies.

20 Business Continuity Management Exercise

In June 2024, Council participated in scenario-based training through Statewide Mutual.

- 25 Business Continuity Management exercises are an essential aspect of preparedness for an organisation. Exercises simulate various scenarios that could arise in the event of a major disruption, allowing Council to test and validate its Business Continuity Plan, identify any gaps and ensure that the developed strategies are effective in managing the disruption and mitigating potentially significant risks.

- 30 The scenario focused on a cyber-attack that affected all dependent business services and operations, prompting the activation of the Business Continuity Plan (BCP).

- 35 The CMT responded well to the disruption scenario presented, relying on their expertise, knowledge and available resources. The response was considered by Statewide representatives to be that of an organisation with a mid-level of maturity with regards to managing an event that could significantly impact on operations.

The exercise identified areas that could be further strengthened, including:

- 40
- Awareness of the BCP documentation and use of the templates to assist in the management of the situation at hand.
 - Gaining a clearer understanding of the critical functions identified and their priority timeframes.
 - Improving knowledge and confidence in the roles and responsibilities of the CMT members (including Alternates).

BYRON SHIRE COUNCIL

FOR INFORMATION ONLY

6.5

- Consideration for conducting a new Business Impact Analysis (BIA) with Critical services to review or capture meaningful current information to assist in developing response strategies for significant disruption event.
- 5 A key takeaway from the exercise was the need for staff to gain a clearer understanding of Council’s critical functions and their priority timeframes. It was recommended that new Business Impact Analysis (BIA) for critical services be undertaken, and that the additional information would enhance the sub-plans within the BCP and improve the overall process.
- 10 During the development of the Council’s Emergency Management Framework, the importance of enhancing the critical function sub-plans was also highlighted. Transitioning from a focus on business continuity to emergency response requires a shift in perspective—from preparing for and recovering from disruptions to taking immediate action during emergencies. Recognising that these situations often overlap, staff
- 15 expressed the need for additional checklists and documents to improve Council’s readiness for future events.

Next steps

1. **Review of Critical Functions:** Each business unit will verify the accuracy of its critical function lists.
- 20 2. **Business Impact Analysis (BIA):** An improved BIA will be conducted for each critical function to assess potential impacts and necessary responses.
3. **Update Critical Function Sub-Plans:** Information gathered from the BIAs will be utilised to revise and enhance the existing critical function sub-plans.
- 25 4. **Revise BCP Manual and Procedures:** Amendments will be made to the Business Continuity Plan (BCP) Manual and Procedures to reflect these updates.
5. **Progress Reporting:** An update on the progress of these initiatives will be provided at a future ARIC meeting.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.5: Risk Management - Recognise risks and manage them proactively	1.1.5.2	Review and embed Council's Business Continuity Plan

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

- 5 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.
- 10 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.
- 15 e) Consider the adequacy of resources provided for risk management and whether employees are able to carry out their risk management responsibilities.

Report No. 6.6 Delegation of Functions 2024

Directorate: Corporate and Community Services

Report Author: Mila Jones, Governance and Internal Audit Coordinator



File No: I2024/1440

5 **Summary:**

This report is presented to the Audit, Risk and Improvement Committee (ARIC) to assist the Committee in fulfilling its obligations under its Terms of Reference and the Local Government Act 1993.

10 Administration and review of Council’s delegations is conducted by the Governance and Internal Audit Coordinator on a weekly basis and reported to the Executive Team every six months and to the ARIC annually in accordance with the ARIC Annual Agenda Schedule.

Attachments:

- 15 1 Delegation of functions to Mayor, General Manager and Directors, E2024/125435 
- 2 Amended legislation and impact on Council functions, E2024/125469 

Report

This report is submitted to assist the Audit, Risk and Improvement Committee in fulfilling its obligations under its Constitution and the *Local Government Act 1993*.

5 In accordance with section 377 of the *Local Government Act 1993* Council, by resolution, delegates its powers, authorities, duties and functions to the General Manager.

The General Manager is empowered to delegate powers, authorities, duties and functions to Council staff.

10 The full list of functions and authorities that have been delegated to the Mayor, General Manager and Council staff is maintained and administered in Council's Delegations Register. This register is reviewed weekly and updated six monthly or sooner if required, and may be amended due to legislative changes, policy changes, resolutions of Council or otherwise. There are a total of 242 active functions and authorities in Council's Delegations Register, with the relevant delegations assigned to approximately 330 staff, contractors and the Mayor.

15 ***Mayor and General Manager Delegations***

At the Extraordinary Meeting held on 10 October 2024 the Mayor and General Manager's delegations were reviewed and updated as is required within 12 months of a local government election. Attachment 1 to this report provides the most recent delegations to the Mayor, General Manager and Directors.

20 ***Review of Legislation 2023-2024***

During this review period, the amended, new or repealed legislation shown at Attachment 2 was noted to have had no, or minimal, impact on Council's register of delegations. Where changes to delegations were proposed, the Executive Team reviewed all changes prior to adoption.

25 **Key issues**

The delegations assigned to the Mayor and staff are based on the position they hold in Council and the tasks they are required to perform in that position. Staff are at risk of undertaking their roles illegally or not in accordance with Council's resolutions or policies, when acting outside their delegations or by having incorrect delegations assigned to them.

30 To increase understanding and acceptance of delegations, the Mayor and staff are required to acknowledge each function and authority either electronically within the Delegations Register or in writing. This is done upon commencement of their role or when delegations change.

Enterprise Risk Management

35 Delegations are listed as a control measure in Council's Risk Register with regard to the following risk areas:

Risk Title	Risk Description
Corporate Compliance	Council does not implement adequate processes and controls to ensure corporate compliance across the organisation and prevent fraud and corruption leading to significant illegal, fraudulent or corrupt activity and/or breach of legislative or regulatory, requirements resulting in penalties/sanctions, legal disputes or litigation and financial loss
Fraud - Unauthorised Delegation	Council is bound to certain legal and service obligations due to an officer of Council acting outside of their delegation resulting in financial loss, potential legal ramifications and reputational harm.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership We have effective decision making and community leadership that is open and informed	1.1: Enhance trust and accountability through open and transparent leadership	1.1.2: Governance - Ensure legislative compliance and support Councillors to carry out their civic duties	1.1.2.2	Maintain, publish and report on relevant registers including delegations, Councillors and designated staff disclosures of interests, Councillor and staff gifts and benefits, and staff secondary employment.

Recent Resolutions

- [24-460 Extraordinary Meeting 10 October 2024](#)

5 Legal/Statutory/Policy Considerations

- [Section 377 of the Local Government Act 1993](#)
- [Section 378 of the Local Government Act 1993](#)
- As identified in the body of the report.

Alignment with ARIC Responsibilities

- 10 This report has been prepared to support the ARIC in reviewing and advising the Council regarding its governance framework.

Financial Considerations

There are no financial considerations associated with presenting this information to ARIC.

Consultation and Engagement

- 5 Prior to making any amendments to Council's Delegations Register, consultation is held with relevant managers, the Executive Team, Council and when required, a firm of solicitors that Council subscribes to for the purpose of delegations.

**Report No. 6.7 Annual Legislative Compliance Status
Report 2023-2024**

Directorate: Corporate and Community Services

Report Author: Mila Jones, Governance and Internal Audit Coordinator

5 **File No:** I2024/1311

Summary:

This report presents the status of Council's compliance with legislative reporting requirements for the 2023-2024 financial year.

10

Attachments:

1 Legislative Compliance Reporting Register - Status at 30/06/2024, E2024/105756 

15

Report

Compliance reviews assess whether specific legislation, directions and regulations have been adhered to. Council’s Legislative Compliance Reporting Register provides:

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

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

15 The attachment to this report provides evidence of Council’s compliance with legislative reporting requirements for 2023-2024. For this period there were mostly no areas of concern where compliance was not met, or where actions had not been taken towards compliance. There were two low risk instances of non-compliance relating to:

1. Reporting Statistics on Code of Conduct Complaints about Councillors and the General Manager
2. Long Term Financial Plan which must be updated as part of the development of the Operational Plan

20 Measures have been taken to overcome these failures. These items are denoted in red in the attached report.

Strategic Considerations

Community Strategic Plan and Operational Plan

CSP Objective	CSP Strategy	DP Action	Code	OP Activity
1: Effective Leadership	1.1: Enhance trust and accountability through open and transparent leadership	1.1.2: Governance - Ensure legislative compliance and support Councillors to carry out their civic duties	1.1.2.1	Maintain and report on Council's Legislative Compliance Reporting Register

Recent Resolutions

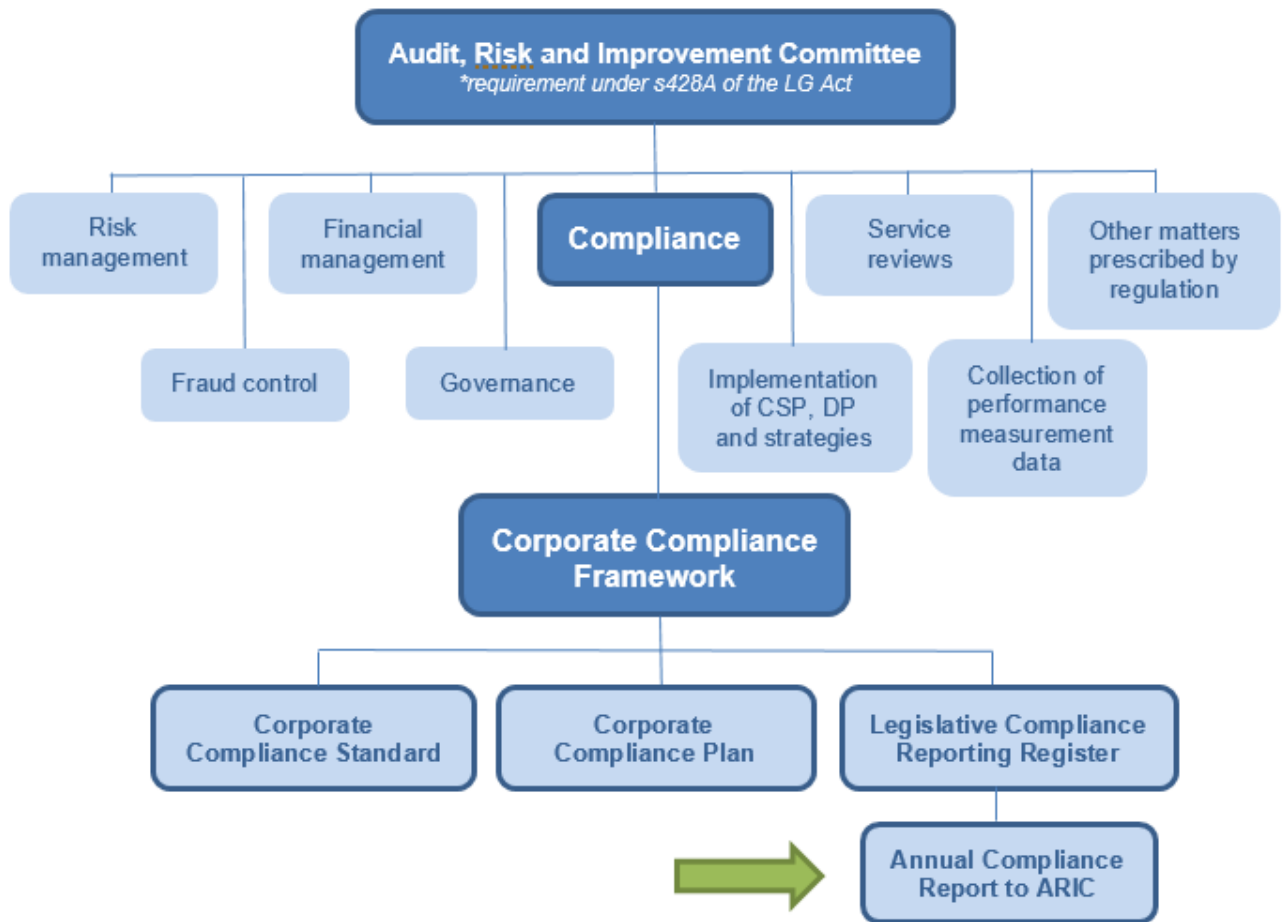
25 Not applicable

Legal/Statutory/Policy Considerations

This report meets the requirements of the Office of Local Government’s Guidelines for Risk Management and Internal Audit, and Council’s Corporate Compliance Framework.

Council’s Corporate Compliance Framework includes:

- 5 - Corporate Compliance Plan (adopted by Council on 25 June 2020)
- Corporate Compliance Standard (adopted by Council on 25 June 2020)
- Legislative Compliance Reporting Register (Attachment 1)



A compliance framework is important as it:

- 10 - promotes a culture of compliance
- fosters continuous improvement in compliance processes
- ensures obligations are met and helps the organisation demonstrate its corporate and social responsibilities.

15 Further information on the Corporate Compliance Framework as reported to ARIC and Council in 2020 is available from page 4 of this [report](#).

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 c) Review the effectiveness of the system for monitoring compliance with laws and regulations, policies and procedures.

Financial Considerations

Nil.

Consultation and Engagement

- 10 This status report was presented to the Executive Team on 11 September 2024 following consultation with relevant managers and staff for the completion of the status update.