

### **Item 3.**

#### **Audit Risk and Compliance Committee Annual Report to Council 2019/20**

**File No: S083523**

#### **Summary**

The Audit Risk and Compliance Committee is required to report annually to Council. This report covers the period from 1 July 2019 to 30 June 2020.

The Audit Risk and Compliance Committee is responsible for oversight and monitoring of the City's audit, risk and governance activities, including reviewing the implementation of recommendations resulting from internal audit, compliance and governance reviews.

The Audit Risk and Compliance Committee highlights the following key points for 2019/20:

In response to the onset of Covid-19, the Audit Risk and Compliance Committee sought additional assurance on the City's response to the pandemic. This included advice on the City's approaches to ensuring the safety of its workforce, steps taken to move to remote working and additional IT controls and other hygiene and security measures.

The Audit Risk and Compliance Committee sought assurance on the management of the City's assets including the closure and maintenance of Council facilities and the adoption of relevant signage and other material to encourage social distancing, hand hygiene, etc. Briefings were provided on the financial impacts of Covid-19 on the City, including term of revenue loss, additional expenditure and the impact of the cessation of scheduled major events. The Audit Risk and Compliance Committee was also briefed on Council initiatives to support community groups, stranded international students and other measures to assist business in the CBD and ratepayers.

The Audit Risk and Compliance Committee previously reviewed the City's business continuity and disaster recovery plans and notes their effectiveness in responding to this current crisis. The Audit Risk and Compliance Committee is also cognisant of the City's role in broader disaster planning and response management in conjunction with the NSW Government's emergency operations centres.

The Audit Risk and Compliance Committee notes the Audit Office of NSW is responsible for conducting financial and performance audits of all NSW local government entities and is continuing as the external auditor for the City of Sydney. With the onset of Covid-19, the Audit Office adopted remote working and assessment procedures and in conjunction with solid work by the City's finance team (and in extenuating circumstances), delivered the audit of the financial accounts on time. The Audit Risk and Compliance Committee thanks them for their efforts in these difficult times. The Audit Risk and Compliance Committee also notes the impact of Covid-19 on the internal audit program with audits deferred or re-prioritised in response to the City's resources and access to key staff and records due to remote working.

## **Recommendation**

It is resolved that Council note the Audit Risk and Compliance Committee's 2019/20 Annual Report, as shown as Attachment A to the subject report.

## **Attachments**

**Attachment A.**      Audit Risk and Compliance Committee Annual Report for 1 July 2019 to 30 June 2020

## Background

1. The Audit Risk and Compliance Committee is required by its Charter to report annually to Council. This report covers the period from 1 July 2019 to 30 June 2020.
2. The primary objectives of the Audit Risk and Compliance Committee are to:
  - (a) assist the Council in discharging its responsibilities in relation to:
    - (i) financial reporting practices;
    - (ii) business ethics, policies and practices;
    - (iii) accounting policies;
    - (iv) risk management and internal controls; and
    - (v) compliance with laws, regulations, standards and best practice guidelines;  
and
  - (b) ensure the integrity of the internal audit function.
3. The Council authorises the Audit Risk and Compliance Committee, within the scope of its role and responsibilities, to:
  - (a) obtain any information it needs from any employee or external party (subject to their legal obligations to protect information);
  - (b) discuss any matters with the external auditor or other external parties;
  - (c) request the attendance of any employee or councillor at Audit Risk and Compliance Committee meetings; and
  - (d) subject to confidentiality considerations, obtain external legal or other professional advice considered necessary to meeting its responsibilities.

## Key Implications

### Strategic Alignment - Sustainable Sydney 2030

4. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
  - (a) Direction 10 - Implementation through Effective Governance and Partnerships - The Audit Risk and Compliance Committee's operations meet the Internal Audit Guidelines issued by the Office of Local Government and the Audit Risk and Compliance Committee Charter approved by Council. A risk-based internal audit program has been undertaken to provide an independent and objective assurance review of the City's operations. The Committee reviews all internal audit reports and monitors the implementation of recommendations at its meetings. Additionally, the Committee reviews the external auditor's reports. The Committee also monitors the implementation of the risk management, governance and compliance programs and receives briefings on significant matters relevant to the City's operations.

### Relevant Legislation

5. The Internal Audit Guidelines issued by the Office of Local Government (September 2010) are in accordance with section 23A of the Local Government Act 1993. A council must take any relevant guidelines issued to this section into consideration before exercising any of its functions.

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