

## **Audit Risk and Compliance Committee Annual Report to Council 2020/21**

**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 2020 to 30 June 2021.

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 2020/21:

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 Committee obtained regular presentations and updates from the City's Emergency Management Team and Chief Executive Officer on the status of the City's arrangements. In addition, the Chief Internal Auditor is currently undertaking a review of pandemic planning.

The Audit Risk and Compliance Committee sought assurance on the management of the City's cybersecurity, child safe practices, asset management framework and the new risk management system.

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 continuation of the Covid-19 emergency, the Audit Office maintains 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 working in this emergency situation.

## **Recommendation**

It is resolved that Council note the Audit Risk and Compliance Committee's 2020/21 Annual Report, as shown as Attachment A to the subject report.

## **Attachments**

**Attachment A.** Audit Risk and Compliance Committee Annual Report for 1 July 2020 to 30 June 2021

## 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 2020 to 30 June 2021.
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. 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.
4. The Audit Risk and Compliance Committee provides advice to Council on the integrity of the City's assurance functions, including internal audit, risk management, compliance and governance. The Committee's Charter sets out the Audit Risk and Compliance Committee's role and responsibilities and provides for oversight of the internal and external audit functions. Its structure and operations conform to the Office of Local Government guidelines issued in September 2010 and NSW Treasury's TPP 15-03, incorporating best practice for monitoring finance, audit, risk management, compliance and governance activities within the City.

## Key Implications

### Strategic Alignment - Sustainable Sydney 2030

5. 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

6. 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.
7. Subsequent to this reporting period, section 428A of the Local Government Act 1993, requiring councils to have an Audit Risk and Improvement Committee commenced. The City currently complies with this requirement through its existing Audit, Risk and Compliance Committee. The Office of Local Government is currently consulting on proposed new guidelines and the City is reviewing the impacts of the proposed changes.

### KIRSTEN MORRIN

Director Legal and Governance

Barry Munns, Chief Internal Auditor

Debra Marschall, Business Support Officer - Internal Audit