

Audit Risk and Compliance Committee Annual Report to Council 2021/22

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Summary

The Audit Risk and Compliance Committee is required to report annually to Council. This report covers the period from 1 July 2021 to 30 June 2022.

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

Audit Risk and Compliance Committee highlights the following key points for 2021/22:

In response to the ongoing impact 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 CEO on the status of the City's arrangements. In addition, the Chief Internal Auditor has modified the audit program to incorporate coverage of potential operational effects.

The Audit Risk and Compliance Committee sought assurance on the management of areas of risk, including Purchase Cards, Overtime and Related Payments, Accounts Receivable, Property Portfolio Management, Recruitment, Facilities Management Maintenance Expenditure, Rates and Associated Charges, Social Housing Operations, and Pandemic Planning. In addition, the regular periodic reviews were conducted of Councillors' Expenses, Access to Transport for NSW DRIVES24, and the City's Street Safety Camera program. A follow-up audit was conducted on the Audit Office of NSW's performance audit of Local Infrastructure Contributions.

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 impacts from the Covid-19 pandemic, the Audit Office maintains remote working and has face-to-face 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 the Chief Internal Auditor pro-actively working with the business to accommodate operational circumstances arising from staffing availability and priorities for continuing to achieve service level standards for the community.

Recommendation

It is resolved that Council note the Audit Risk and Compliance Committee's 2021/22 Annual Report, as shown as Attachment A to the subject report.

Attachments

Attachment A. Audit Risk and Compliance Committee Annual Report (1 July 2021 to 30 June 2022)

Background

1. The Audit Risk and Compliance Committee is required by its Charter to report annually to Council. The report at Attachment A covers the period from 1 July 2021 to 30 June 2022.
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.
4. It is noted that the Office of Local Government has published updated Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW and the City made a submission on this proposal in 2020/21. The final guidelines have not yet been published but it is anticipated that compliance with them will be required by 1 July 2024.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

5. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. 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 1 - Responsible governance and stewardship - 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.

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