

Item 4.

Audit Risk and Compliance Committee Annual Report to Council 2022/23

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 2022 to 30 June 2023.

This 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 2022/23:

The Audit Risk and Compliance Committee sought assurance on the management of areas of risk, including Payroll (including CHRIS21); Delegations Framework; Management of Fees and Charges; GIPA Compliance; Integrated Planning and Reporting Framework; Review of the City's non-residential register methodology and plan for the 2021 and 2024 local government elections; Risk Management Framework; Accounts Payable (including the TechnologyOne module); and Parking Meter Income. In addition, the regular periodic reviews were conducted of Councillors' Expenses 2022 (not tabled until after 30 June 2023 due to timing issues), Access to Transport for NSW DRIVES24 system, and the City of Sydney's Street Safety Camera Program (not tabled until after 30 June 2023 due to timing issues).

Recommendation

It is resolved that the Council note the Audit Risk and Compliance Committee's 2022/23 Annual Report, as shown as Attachment A to the subject report.

Attachments

Attachment A. Audit Risk and Compliance Committee Annual Report (1 July 2022 to 30 June 2023)

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 2022 to 30 June 2023.
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 obligations.
4. The Audit Risk and Compliance Committee sought assurance on the management of areas of risk, including:
 - (a) DRIVES24 Compliance Review 2022;
 - (b) Payroll (including CHRIS21);
 - (c) Delegations Framework;
 - (d) Management of Fees and Charges;
 - (e) GIPA Compliance;
 - (f) Integrated Planning and Reporting Framework;
 - (g) Review of the City's non-residential register methodology and plan for the 2021 and 2024 local government elections;
 - (h) Risk Management Framework;

- (i) Accounts Payable (including the TechnologyOne module);
 - (j) DRIVES24 Compliance Review 2023; and
 - (k) Parking Meter Income.
5. Further detail regarding the activities of the Audit, Risk and Compliance Committee are contained in Confidential Attachment A.
6. 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 will oversee the City's Audit Service Provider (ASP) on the financial audit of the Council of the City of Sydney. The Audit Service Provider reports directly to the Director Financial Audit, who as a delegate of the Auditor-General for NSW oversees their audit work to ensure it complies with legislative and professional requirements before the Audit Office of NSW issues the Independent Auditor's Report and other reports to those charged with governance. The City's Audit Service Provider for 2024/25 has not yet been appointed.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

7. 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 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

8. Section 428A of the Local Government Act 1993 requires councils to have an Audit Risk and Improvement Committee. The City currently complies with this requirement through its existing Audit Risk and Compliance Committee. The previous 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.

9. Updated draft Office of Local Government guidelines for risk management and internal audit in local government in New South Wales were issued in December 2022 and remain a "final draft" pending the making of supporting regulations, which will mandate some aspects for future arrangements. Draft regulations have not been published or put out for consultation as at this time, although Councils are required to be compliant with the new guidelines by 1 July 2024.
10. Once updated guidelines and any relevant Regulations are finalised and published, the City will implement any required changes.

KIRSTEN MORRIN

Director Legal and Governance

Barry Munns, Chief Internal Auditor

Debra Marschall, Business Support Officer - Internal Audit