



**murray river  
council**

# **AGENDA**

## **Audit Committee Meeting Monday, 7 August 2023**

**I hereby give notice that an Audit Committee Meeting will be held on:**

**Date: Monday, 7 August 2023**

**Time: 4:00pm**

**Location: Administration offices  
Council Chambers  
52 Perricoota Road Moama**



**Order Of Business**

<b>1</b>	<b>PRESENT</b> .....	<b>4</b>
<b>2</b>	<b>APOLOGIES</b> .....	<b>4</b>
<b>3</b>	<b>CONFIRMATION OF MINUTES</b> .....	<b>5</b>
3.1	ARIC Minutes - 24 April 2023 .....	5
3.2	ARIC Minutes - 28 April 2023 .....	10
<b>4</b>	<b>BUSINESS ARISING FROM PREVIOUS MINUTES</b> .....	<b>14</b>
<b>5</b>	<b>GENERAL BUSINESS</b> .....	<b>15</b>
5.1	Review of outstanding audit action items.....	15
5.2	Shell Set of 2022/23 Financial Statements - General Purpose .....	19
5.3	Accounts Receivable Bad Debtors Report.....	21
5.4	Quarterly Credit Card Expenditure Report for the Mayor and CEO.....	27
5.5	Rural Fire Service and Recognition of 'Red Fleet' Plant and Equipment.....	28
5.6	2022-23 Interim Audit Management Letter .....	70
5.7	Developer Contributions .....	71
5.8	Draft Budget Policy .....	73
5.9	Draft Borrowing Policy .....	84
5.10	Review of Fraud & Corruption Policy .....	92
5.11	Risk Register Review .....	110
5.12	Upcoming changes to the ARIC Committee @ 1 July 2024.....	129
<b>6</b>	<b>NEXT MEETING</b> .....	<b>132</b>
<b>7</b>	<b>CLOSE</b> .....	<b>132</b>

- 1      PRESENT**
- 2      APOLOGIES**



**3 CONFIRMATION OF MINUTES****3.1 ARIC MINUTES - 24 APRIL 2023****File Number:** -**Author:** Sandra Gordon, Manager Governance & Risk**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Minutes of the Murray River Council Audit, Risk and Improvement Committee meeting held on the 24 April 2023 be confirmed as a true and accurate record of the meeting.

## DISCUSSION



Murray River Council  
PO Box 21  
Mathoura NSW 2710  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au

## Minutes

<b>Meeting:</b>	<b>Murray River Council Audit, Risk &amp; Improvement Committee Meeting</b>		
<b>Date:</b>	Monday 24 April 2023	<b>Time:</b>	4.00 pm
<b>Location:</b>	Moama Council Offices, 52 Perricoota Road Moama and videolink		
<b>Chair:</b>	Richard Ham	<b>Minute taker:</b>	Sandra Gordon

<b>Committee members:</b>	<ul style="list-style-type: none"> <li>Richard Ham - Chair</li> <li>Jean Sutherland - Independent Member</li> <li>Councillor Frank Crawley</li> <li>Councillor Kronrad Nicholas</li> </ul>
<b>Apologies:</b>	<ul style="list-style-type: none"> <li>Suzanna Barry - Independent Member</li> </ul>
<b>Other attendees</b>	<ul style="list-style-type: none"> <li>Stephen Fernando - Director Corporate Services</li> <li>Kris Kershaw – Manager Finance</li> <li>Sandra Gordon – Manager Governance &amp; Risk</li> <li>Penny Corkill – Centium (via videolink)</li> </ul>

2. CONFLICTS OF INTEREST

Nil

3. CONFIRMATION OF MINUTES

**RESOLVED** that the minutes of the Murray River Council Audit, Risk & Improvement Committee Meeting held on 13 February 2023 be confirmed as a true and accurate record of the meeting.

**Moved:** Frank Crawley      **Seconded:** Jean Sutherland      **CARRIED**

4. BUSINESS ARISING FROM THE MINUTES

**ACTION:** That all the Recommendations to Council from the ARIC meeting be listed individually in the recommendation section of the Business Paper Report.

5. ITEMS FOR DISCUSSION5.1 Audit Action List and Status

**ACTION:** That the Audit Actions spreadsheet be sent to Executive Leadership Team meetings on a monthly basis



Murray River Council  
PO Box 21  
Mathoura NSW 2710  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au

#### 4.30 pm - Penny Corkill joined the meeting

##### 5.2 Internal Audit – Contract Management

Centium reported on the 5 significant findings/recommendations for improvement.

Discussion Points:

- Murray River Council is at a fundamental level of maturity in Contract Management
- Strong governance in place up to the awarding of the tender

Questions posed by ARIC members on Contract Management included:

- Do we get everything we pay for?
- Is there a pattern of granting variations on Contracts?
- Are contracts performed on time and within budget?
- Are post contract reviews of the contractor's performance being undertaken and documented?

**ACTION: Recommendations in the report to be added to the Audit Action List**

#### 4.50 pm – Penny Corkill left the meeting

##### 5.3 – 23-24 to 26-27 Operational Budget

General discussion was held on items impacting the budget including increase in the FAG component, the level of depreciation and that notations in the budget reviews will be made on major variations.

It was decided that the Budget review be deferred to Friday 28 April - 3.00pm to 4.00pm when additional information can be presented and reviewed by the ARIC.

### 6. OTHER BUSINESS

#### 6.1 Next Internal Audit

It was agreed that in light of the findings in the Audit Office's Management Letter of the major risk to Council of a cyber attack, that the next Internal Audit be on Cyber Security.

#### 6.2 Transgrid

Discussion held on the proposed route (and associated risks) of the high voltage Transgrid power network across the LGA.

- The Transgrid development in the local area has come as a surprise to the community, it having only been made public in a newspaper article at the end of March, 2023.
- Transgrid has held discussions with MRC management re its proposal.
- A Regional reference group set up by Transgrid held its first meeting in early April – Richard Ham (declared his interest as NSW Farmers representative) is on this reference group.
- Aim of the project is to channel power produced by wind/solar farms into Sydney.
- Changes have been made (by Transgrid/AEMO (Australian Energy Market Operator)) to the original route (KerangLink) and the proposed Murray River crossing is near Moama. If it proceeds, the high voltage power line will intersect through one of the most developed areas along the Murray River, affecting residential, commercial/tourist and prime (irrigated) farming land, rather than less developed areas.



Murray River Council  
PO Box 21  
Mathoura NSW 2710  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au

Question - Does Council have a Conflict of Interest with Transgrid being a sponsor of Moama Lights?

**ACTION:** Director Corporate Service to develop a briefing paper for Council.

**THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 5.58 pm**

**NEXT MEETING TO BE HELD ON – Friday 28 April 2023 at 3.00pm until 4.00 pm**

**THESE MINUTES ARE SIGNED AS A TRUE AND ACCURATE RECORD OF THE PROCEEDINGS OF THE MEETING OF THE MURRAY RIVER COUNCIL AUDIT AND RISK COMMITTEE HELD ON MONDAY 24 APRIL 2023.**

..... CHAIR

DRAFT

## ATTACHMENTS

Nil



**3.2 ARIC MINUTES - 28 APRIL 2023****File Number:** -**Author:** Sandra Gordon, Manager Governance & Risk**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Minutes of the Murray River Council Audit, Risk and Improvement Committee meeting held on the 28 April 2023 be confirmed as a true and accurate record of the meeting.

## DISCUSSION



Murray River Council  
PO Box 21  
Mathoura NSW 2710  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au

## Minutes

<b>Meeting:</b>	<b>Murray River Council Audit, Risk &amp; Improvement Committee Meeting</b>		
<b>Date:</b>	Friday, 28 April 2023	<b>Time:</b>	3.00 pm
<b>Location:</b>	Moama Council Offices, 52 Perricoota Road Moama and videolink		
<b>Chair:</b>	Richard Ham	<b>Minute taker:</b>	Sandra Gordon

<b>Committee members:</b>	<ul style="list-style-type: none"> <li>Richard Ham - Chair</li> <li>Jean Sutherland - Independent Member</li> <li>Councillor Frank Crawley</li> <li>Councillor Kronrad Nicholas</li> </ul>
<b>Apologies:</b>	<ul style="list-style-type: none"> <li>Suzanna Barry - Independent Member</li> </ul>
<b>Other attendees</b>	<ul style="list-style-type: none"> <li>Stephen Fernando - Director Corporate Services</li> <li>Kris Kershaw – Manager Finance</li> <li>Sandra Gordon – Manager Governance &amp; Risk (via videolink)</li> </ul>

2. CONFLICTS OF INTEREST

Nil

3. DRAFT 23-34 – 26-27 BUDGET

The various aspects of the DRAFT budget for 2023-2024 were discussed. Including:

- One-off revenue from the sale of excess land
- Grants for Operational purposes – received as a matter of course in some cases and via an application process in others. Scope for flexibility?
- Need to manage service levels to fit the revenue available – rate pegging of 3.75% plus a special growth additional allowance bringing the increase in rating income for 23-24 to 4.14%
- Capital projects scheduled for 2023-24 – including the Moama Preschool.
- Emergency Services levy an additional cost to Council with the removal of the subsidy received in recent years
- Tech 1 software – customised modules to be capitalised
- MRC using an Overheads model to allocate costs to all areas of Council
- Possible areas of savings – review IPP&E expenditure/fleet numbers, review also the extent of expenditure on the Meninya Street beautification project.
- MRC like most other rural Councils will never met the benchmarks – particularly own-source revenue.





Murray River Council  
PO Box 21  
Mathoura NSW 2710  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au

- MRC has a higher percentage of roads per head of population than other LGAs.
- Process of timing and accounting for development contributions in Council's records.
- Extent and management of overdue rates and charges.

**ACTION: Council develop a process/procedure for payment of Development Contributions**

**ACTION: Finance Manager to report back to next ARIC meeting the number and dollar value of outstanding Developer Contributions in Account Receivable.**

**4.15pm Stephen Fernando left the meeting due to other commitments**

Discussion held over possible community reaction and reputational risk to Council of substantial rate increases at a time when people are feeling rising cost of living pressures.

**RECOMMENDATION TO COUNCIL:**

**That Council use their best endeavours to contain the 2023-24 rates increase to the standard IPART rate pegging of 3.75%.**

**MOVED: Richard Ham**

This recommendation lapsed due to the lack of a seconder.

It was indicated that such a recommendation to Council was outside the remit of the ARIC.

**RECOMMENDATION TO COUNCIL:**

**That the 2023-24 to 2026-27 Operational Budget Report is noted.**

**THERE BEING NO FURTHER BUSINESS THE MEETING CLOSED AT 4.25 pm**

**NEXT MEETING TO BE HELD ON – Monday 7 August 2023 at 4.00 pm (to be confirmed)**

**THESE MINUTES ARE SIGNED AS A TRUE AND ACCURATE RECORD OF THE PROCEEDINGS OF THE MEETING OF THE MURRAY RIVER COUNCIL AUDIT AND RISK COMMITTEE HELD ON 28 APRIL 2023.**

..... CHAIR

## ATTACHMENTS

Nil





**4 BUSINESS ARISING FROM PREVIOUS MINUTES**

**5 GENERAL BUSINESS****5.1 REVIEW OF OUTSTANDING AUDIT ACTION ITEMS****File Number:** -**Author:** Jan Donald, Executive Administration Officer**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the attached outstanding audit action items be noted by the Murray River Council Audit, Risk and Improvement Committee.

**DISCUSSION**

The audit action list provides an update on the outstanding and in process actions from the Murray River Council Audit, Risk & Improvement Committee. As requested in the minutes of 24 April 2023, this list is circulated and reviewed every month at the MRC Executive Leadership Committee meeting.

**ATTACHMENTS**

1. **Audit Action Tracker Report** [!\[\]\(69baca079ef3ab6f03d58fd7e9f950f1\_img.jpg\)](#) 



D	Source	Event	Risk Rating	Action	Directorate	Primary Responsibility	Additional Responsibility	Initial Due Date	Revised Due Date	Status	Progress	Completed Date	Comments
-19-PAY-01	Int. Audit	19 - Procurement	Medium	Consideration should be given to using the Contract Management module in Civica	CSD	Mgr BI		31-Dec-21	30-Jun-23	Deferred	Deferred		New ERP to commence 05/07/2021 - accounts payable / procurement is part of the Phase 1 implementation. Review of system to be done once the new system is in place. <b>20/4/23</b> - Contract Management will eventually be brought into TechOne ERP. As per TechOne ERP project plan this is at least 2 years away due to resource limitations.
-19-PAY-02	Int. Audit	19 - Developer Contributions	High	Council to document the key processes involved in non-monetary contributions and ensure that these processes are in place on an ongoing basis to reduce the risk of falling significantly behind in the future	CSD	Mgr Finance		30-Jun-20	30-Jun-23	Overdue	In Progress		<b>UPDATED KTK 18/07/2023</b> - Process has been developed and implemented for the 2022/23 year. However, it has fallen behind as only 1st Qtr 2022/23 contribution details have been received by Finance at the time this comment was made. Full 2022/23 year will be upload into Tech 1 as part of the year-end capitalisation process.
-19-PAY-04	Ext. Audit	21 - Ext Audit	Low	Establish a financial model for the calculation of the landfill rehabilitation provision.	CSD	Mgr Finance		31-Mar-22	30-Jun-23	Overdue	In Progress		<b>UPDATE KTK 18/07/2023</b> - Landfill calculation process has been built, but would like to review again for the 2022/23 financial year. Have spoken to Waste Manager to confirm unit rates to use. Need to update remediation workpapers now to finalise.
-19-PAY-05	Ext. Audit	21 - Ext Audit	Medium	Establish a reporting process in the new ERP system to extract employee leave balance and the related liability.	CSD	Mgr Finance		30-Apr-22	30-Jun-23	Overdue	In Progress		<b>UPDATE KTK 18/07/2023</b> - Xlone report attempt has been made to create the report. About 80% complete still - Issue is \$ amount not correct. Currently working with Atturra to get the report to process correctly.
-19-PUR-02	ARIC	23 - ARIC Meeting	Medium	Council to provide a report showing the costs of S355 Recreation Reserves and the returns received	CSD	Mgr Finance		24-Apr-23	07-Aug-23	Due Shortly	In Progress		<b>UPDATE KTK 18/07/2023</b> - Report currently being drafted for the 7th August 2023 ARIC meeting. Report will focus on Recreation Reserves as per ARIC request. Currently, S355 committees going through audit process for 2022/23 financial year - I cannot guarantee that report will be up to 30 June 2023 data or 30 June 2022 - depends on whether S355 committee has provided their information for audit.
-19-DCO-01	Int. Audit	19 - Rem & payroll	Low	Procedures to be documented and one system for all processes implemented	CSD	Mgr BI		31-Dec-21	30-Jun-22	Overdue	In Progress		Incorporated into TechOne ERP Implementation. <b>21/04/23</b> Payroll system went live in Ju 2021 and processes have been documented with some additional works required- see Finance Manager for details.
-19-DCO-02	Int. Audit	19 - Rem & payroll	Medium	Procedure to be developed to include the checking and reviewing of employment contracts	CEO	Mgr People		30-Jun-20	30-Jun-22	Overdue	In Progress		Full review required <b>14/12/2022</b> - Contract templates are currently with Employment Lawyer to be reviewed.
-19-DCO-03	Int. Audit	19 - Rem & payroll	Medium	Light Motor Vehicle Policy being reviewed - allocation of vehicles to be limited and a business case developed for each position	Infrastructure	Mgr Fleet		08-May-21	31-Dec-23	Not Yet Due	In Progress		Draft policy revised in June 2023 to include updates on Grandfathered Private-Use vehicle conditions, vehicle allowances for all new starters and restrictions on new Council-owned vehicle options. Policy being reviewed by Director Corporate Services before submission to ELT for consideration. To be reviewed, revised as necessary and put up for adoption. (Assigned to Manager Plant & Fleet 14/12/2022)
-19-DCO-04	Int. Audit	19 - Rem & payroll	Medium	Procedure to be written for pool cars for business use	Infrastructure	Mgr Fleet	DCS	08-May-21	31-Dec-23	Not Yet Due	In Progress		Draft policy revised in June 2023 to include updates on Grandfathered Private-Use vehicle conditions, vehicle allowances for all new starters and restrictions on new Council-owned vehicle options. Policy being reviewed by Director Corporate Services before submission to ELT for consideration. To be reviewed, revised as necessary and put up for adoption. (Assigned to Manager Plant & Fleet 14/12/2022). Procedure on Pool Cars for Business Use to be completed subsequent to Policy adoption.
-19-DCO-07	Int. Audit	19 - Procurement	High	Management complete regular analysis on procurement performance and report to Council	CSD	Mgr Proc.		31-Dec-20		Overdue	In Progress		Will form an ongoing requirement to be sent to ELT
-19-DCO-08	Int. Audit	19 - Developer Contributions	High	Council develop, adopt and implement a new Development Contribution Plan	P&E	DPE		30-Jun-20	30-Jun-24	Not Yet Due	In Progress		Council is working on a revised Development Contribution Plan. Legal advise has been sought. May need Ministerial Approval
-19-CSH-01	Int. Audit	19 - Developer Contributions	Medium	Council to review the current methods used to calculate the S64 contributions and ensure that these calculations are in line with what is documented in the Development Contributions Plan. Council to develop and implement waiver register that lists all waiver applications, the status of these and information regarding the reasons for the approval / denial of the application. When an updated Development Contributions Plan is prepared, that there are detailed workings provided regarding the calculations of contributions. The new Development Contributions Plan which is prepared and implemented by Council needs to include provisions for modifications to existing subdivisions or other developments and the entirety of the new application should be subject to the most current contribution charges	P&E	DPE		30-Jun-20	30-Jun-24	Not Yet Due	In Progress		The Development Contribution Plan is to be finalised on the completion of the Asset Valuation review that is currently being undertaken. <b>17/11/2022</b> - Draft developer contribution plan(s) have been prepared and are currently being tested against financial scenarios to ensure a percentage based model will support Council's future capital projects. I expect this analysis will be completed prior to the end of the year. With the Draft DCP being presented to Council in the first quarter next year, assuming that the direction is supported. Ct Management work still is a factor in relation to the project, however the timing is right to progress the Draft DCP through to finalisation. Council may wish for the document to be peer reviewed by a consultant prior to Council considering the draft for public exhibition. 505 complete is my estimate.
-21-IS3-04	Int. Audit	19 - Developer Contributions	Low	Council needs to ensure that the process for determining additional car parking contributions is determined and to include \$ amounts. Increase to the components of the contributions charges are applied appropriately to all components - which includes how annually increases are applied. Council review the process of discounting contributions with the Moama Business Park. Benchmark the S64 contributions against neighbouring Councils. Update on the Developer Contributions Policy including a draft policy if available. (22 - ARIC Meeting A-22-DCO-01). Develop a process / procedure for payment of Development Contributions. (23-ARIC A-23-MINS-03)	P&E	DPE		30-Jun-20	30-Jun-24	Not Yet Due	In Progress		Council is working on a revised Development Contribution Plan. Legal advise has been sought. May need Ministerial Approval
-21-IS4-04	Ext. Audit	21 - Ext Audit	High	Implement a reconciliation and review process of IPPE balances between the asset register, general ledger and the financial statements	CSD	Mgr Assets	Mgr Finance	30-Jun-22	18-Aug-23	Due Shortly	In Progress		Process mapping booked in for early May 2022 for Assets & Finance teams (KK to finalise income process with TechOne prior) <b>25/05/23 BG</b> - Process checking in T1 TEST environment underway <b>11/07/23 BG</b> - 22/23 YE process to be used as for final test with formal process documented and adopted (following completion of data entry in line with 2022-2023 Financial Statement Project Plan)
-21-MRE-01	Other	21 - MRE	Medium	The existing Economic Development and Assistance Policy be reviewed for completeness	C&ED	DC&ED		30-Jun-22	30-Jun-23	Overdue	In Progress		To be reviewed as part of the CSP
-22-AO-02B	Ext. Audit	22 - Audit Office	High	Develop a robust end-of-month process and establish responsibilities for the Financial Accountant and the Management Accountant.	CSD	Mgr Finance		28-Feb-23		Overdue	Verification		<b>UPDATE KTK 18/07/2023</b> - A formal process of month end process has been implemented. Relevant team members in Finance have had responsibilities assigned. Some process in use now includes, for example, accrual journals at EOM, review of outstanding purchase orders, matching of revenue to expenses. Process not 100% completed - about 95% done as EOM is now tied in with MOR reporting - see next point below.

D	Source	Event	Risk Rating	Action	Directorate	Primary Responsibility	Additional Responsibility	Initial Due Date	Revised Due Date	Status	Progress	Completed Date	Comments
I-22-AO-02C	Ext. Audit	22 - Audit Office	High	Establish a capital project management process, which includes the capitalisation of completed project	CSD	Mgr Assets	Mgr Finance	31-Mar-23	21-Jul-23	Overdue	In Progress		03/02/2023 - Ongoing. A process has been developed around closing off capital projects once completed in Tech 1. 25/05/23 BG - Training sessions completed with Capital Project managers, cheat sheets developed and loaded into T1 Learning Hub. Procedure currently being developed. 11/06/23 BG - PMF procedures and T1 procedure documented. Director/ELT signoff required prior to circulation to staff.
I-22-AO--02D	Ext. Audit	22 - Audit Office	High	Complete the revaluation of the schedule asset classes	CSD	Mgr Assets		31-Mar-23	21-Jul-23	Overdue	In Progress		27/04/23 BG - Final valuations for plant and equipment received - dated 31/12/22. Draft valuations completed for Transport, Land Improvements and Swimming Pools (excluding impairment) - final review currently being completed. 11/07/23 BG - P& E, Land Improvements finalised. Transport, OS and Swimming pools finalised to 31 Dec 22. 30 June 2023 update currently being finalised.
I-22-AO-02E	Ext. Audit	22 - Audit Office	High	Implement the developed end-of-month process	CSD	Mgr Finance		30-Jun-23		Overdue	In Progress		UPDATE KTK 18/07/2023 - Re-working responsibility list to be a Sharepoint/ Team document at the moment. End of month for June tied in with end of financial year processing.
I-22-AO-04A	Ext. Audit	22 - Audit Office	High	Establish a quarterly process for reconciliation of asset registers with WIP / Asset financial accounts	CSD	Mgr Finance		31-May-23		Overdue	In Progress		UPDATE KTK 18/07/2023 - Back-end work in Tech 1 to set up assets for the Accounting Book is nearing completion. Buildings and Transport still needs to be done, but assets classes like Plant and Equipment, Land Improvements, Water, Sewer, Stormwater, Land all have been done have been done.
I-22-AO-04B	Ext. Audit	22 - Audit Office	High	Complete revaluation position papers	CSD	Mgr Assets		30-Jun-23	21-Jul-23	Overdue	In Progress		03/02/2023 - To be actioned. 25/05/23 BG - In progress 11/07/23 BG - In progress (in line with 2022-2023 Financial Statement Project Plan)
I-22-AO-05	Ext. Audit	22 - Audit Office	Medium	Establish a revised budget policy that encompasses capital budgeting and variations. Establish a revised budget policy that encompasses capital budgeting and variations.	CSD	Mgr Finance		30-Apr-23		Overdue	Verification		UPDATE KTK 18/07/2023 - Policy drafted. Sent via email to DCS and Gov Mgr for review and confirmation of process to get policy adopted. Expect it to appear at next ARIC meeting (August 2023).
I-22-AO-06	Ext. Audit	22 - Audit Office	Medium	Establish report to identify user changes and implement quarterly review process	CSD	DCS		30-Apr-23		Overdue	In Progress		03/02/2023 - To be actioned.
I-22-AO-07	Ext. Audit	22 - Audit Office	Medium	All Asset Classes to be populated into T1 Asset Register	CSD	Mgr Assets		30-Apr-23	31-Dec-23	Not Yet Due	In Progress		03/02/2023 - Ongoing. Latest update from Assets Team has confirmed on track for 30 June completion. 27/04/23 BG - All assets loaded according to current valuations. Book values for Water, Sewer and Stormwater completed April 2023. Remaining Asset Books to be added once valuations are finalized and as resources availability permits. 25/05/23 BG - position paper currently being developed.
-23-AoR-04	Int. Audit	23 - Int Audit	Medium	Management Accountant	CSD	Mgr Proc.		30-Sep-23		Due Shortly	Not Started		Presentation to Council for provisional adoption 30/09/2023.
-23-AoR-05	Int. Audit	23 - Int Audit	Medium	Develop and implement an operational contract management register to assist managers with tracking contract expenditure, expiry and renewal dates, extensions, variations and approvals.	CSD	Mgr Proc.	Manager BI	30-Dec-23		Not Yet Due	Not Started		
-23-C&D-06	Int. Audit	23 - Int Audit	Medium	Implement status monitoring and reporting of the register to contract managers and the Executive Team	CSD	Mgr Proc.		31-Mar-24		Not Yet Due	Not Started		
-23-C&D-07	Int. Audit	23 - Int Audit	Medium	Develop a scalable and standard set of contract management responsibility requirements for incorporation in the position descriptions of relevant staff. <i>Note that these responsibilities could be adapted from the NSW Local Government Capability Framework.</i>	CSD	Mgr Proc.	Coordinator HR	30-Dec-23		Not Yet Due	Not Started		30/12/2023 - Select relevant requirements against identified positions and submit to HR.
-23-C&D-08	Int. Audit	23 - Int Audit	Medium	Develop a standard Steering Committee Terms of Reference for the Contracts Management Framework.	CSD	Mgr Proc.	Manager Special Projects	30-Dec-23		Not Yet Due	Not Started		
-23-CI--09	Int. Audit	23 - Int Audit	Medium	Develop and implement scalable contract management tools to assist generalist contract managers.	CSD	Mgr Proc.		30-Dec-23		Not Yet Due	Not Started		30/12/2023 Step 1 - identify relevant tools and costs associated with such tools. Step 2 - submit budget bids for procurement of tool for consideration by ELT / Council.
I-23-FIN-08.02	Int. Audit	23 - Int Audit	Medium	Identify various levels of contract management courses that are consistent with contract management responsibilities.	CSD	Mgr Proc.		30-Jun-23		Overdue	Not Started		
I-23-FIN-08.3	Int. Audit	23 - Int Audit	Medium	Develop systems and processes to ensure that relevant contract management training is provided to contract managers (e.g. induction, development plans, etc.).	CSD	Mgr Proc.	Coordinator HR	30-Jun-23		Overdue	Not Started		Develop a training matrix for identified training relevant selected positions for incorporation into the training schedule.
I-23-FIN--08.4	Int. Audit	23 - Int Audit	Medium	Develop and implement systems, processes that cover: a. monitoring current and compliant certifications for insurance and qualifications b. documenting contractor performance review meetings and disputes by contract managers c. logical file structures and requirements for recordkeeping of contract management documents d. formal recording and sharing of lessons learned e. additional areas of key focus for the management of contracts awarded in response to an emergency	CSD	Mgr Proc.		30-Jun-24		Not Yet Due	Not Started		To be built into the software process (most likely TechOne).
I-23-MINS-03	Int. Audit	23 - ARIC	Medium	All recommendations to Council from the ARIC meeting be listed individually in the recommendation section of the Business Paper Report	CSD	Mgr Gov. & Risk		30-Aug-23		Due Shortly	In Progress		Ongoing
I-23-MINS-03.1	Int. Audit	23 - ARIC	Medium	Report back to next ARIC meeting the number and dollar value of outstanding Developer Contributions in Accounts Receivable	CSD	Mgr Finance		01-Aug-23		Overdue	In Progress		UPDATE KTK 18/07/2023 - Data has been provided to Finance Manager by Planning Team. Report to be drafted for ARIC 7 August 2023 meeting.

**5.2 SHELL SET OF 2022/23 FINANCIAL STATEMENTS - GENERAL PURPOSE****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Audit and Risk Committee:

1. Receive and review the shell set of financial statements for the 2022/23 financial year.
2. Note the prior period adjustment for the 2021/22 financial year.
3. Provide recommendation(s) for any improvements or amendments on current shell financial statements.

**DISCUSSION**

This report is to provide to the ARIC committee a shell set of the General Purpose Financial Statements (GPFS) for the 2022/23 financial year.

There are two (2) new Accounting Standards for the 2022/23 year. It should be noted that neither of these Standards have had a significant impact on reported position or performance.

**New accounting standards adopted during the year**

The following new standards are effective for the first time at 30 June 2023:

- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments

The Notes and information contained within them has been reviewed and updated. The shell GPFS statements are provided to ARIC for review and the final 2022/23 dollar figures will be provided as part of the report to the September 2023 ARIC meeting on the draft financial statements.

If possible, it is requested that any questions resulting from these shell statements to be provided to Council's Finance Manager prior to the ARIC meeting to enable time to review and to provide a response to the committee members at the meeting.

**Prior Period Adjustment**

This is flagged for the committee's attention - Council is required to perform a prior period adjustment (for the 2021/22 financial year figures) due to asset class of Other Structures requiring amendment. This amendment was the result of certain assets not being included in the Other Structures revaluation report as of 30 June 2023. This has resulted in the 2021/22 year revaluation reports and subsequent financial statements carrying balances for Other Structures being misstated.

The column for prior year adjustment is not currently reflected in the attached shell statements as yet due to the final data/ revised revaluation report not been received by Council as at the time of creating this report.

This prior period adjustment will be reflected in the draft financial statements to the September 2023 ARIC meeting. Note that prior period adjustment will impact the four (4) main statements of the GPFS, as well as some of the Notes.


The prior period adjustment is expected to have the following impact:

- Restated 2022 amount in the P&L
- A third column in the balance sheet showing the restated 2022 amount
- Statement of changes in equity showing restated 2022 amount
- Statement of cash flows showing restated 2022 amount
- Updated amount in the IPP&E note
- 2022 fair value changes in the Fair Value Measurement note
- 2022 amount of the statement of cash flow reconciliation note
- Update Note G4 Changes from prior year statements
- Update 2022 ratios in Note G6 Statement of performance measures

It should also be noted that Audit Office of NSW is happy to do a preliminary review of the shell accounts after Council has updated the prior year error and disclosure notes to sign off on the adjustment prior to the final audit commencing for the 2022/23 financial year.

A meeting is being held with the external valuer on the 01 August 2023 to finalise the Other Structures revaluation correction and once report is received, the prior period allocations will be applied to the statements and an updated shell set of statements will be shared with the ARIC committee.

## **ATTACHMENTS**

1. **Annual Financial Statements GPFS 2023 Shell July 2023 (under separate cover)** 



**5.3 ACCOUNTS RECEIVABLE BAD DEBTORS REPORT****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**DISCUSSION**

This report is provided to ARIC to provide a summary of the proposed bad debts write-off for the 2022/23 financial year.

A total of \$39,805.31 is required by Council resolution, a further \$326.00 has been approved by Finance Manager during the year, giving a total of \$40,131.31 to be written-off for the 2022/23 financial year.

Council finance staff review accounts receivable and rates and water balances owing to Council and at times there is a need to write-off debts for various reasons, including (but not limited to) unable to locate account holder, debt recovery action has failed, or in some cases every statutory time has lapsed.

This report has the attached recommended write-offs for the financial year. The attachment is broken into two parts:

1. Those amounts requiring Council approval to write-off. These amounts will be recorded as Provision for Doubtful Debts as of 30 June 2023 and require a Council resolution to write-off. Report will be put to Council for the August 2023 ordinary meeting, with ARIC resolution/recommendation included.
2. Those amounts that can be written off by the Director of Corporate Services or the Finance Manager under delegation from the Chief Executive Officer (see below). This delegation allows for up to \$500 debt to be written off based on review and recommendation. Any write-off must be in line with Clause 131 of the LG Regulation (copy is attached to this report), which requires the amount written off to be notified to Council under Clause 131(6) *The general manager must advise the council of rates and charges written off by written order of the general manager.*

13.	<b>Debt Write Off</b> To authorise the writing off of uncollectible debts (for charges and sundry debtors) up to a maximum amount of \$500 per account. (Rates & Charges are to be written off in line with the provisions of Clause 131 of the LG Regulations)	DCS MF
-----	--	-----------

**ATTACHMENTS**

1. **Attachment 1 - Debtor Recommendations to Council Working June 2023** [!\[\]\(569ff5d1aa9137b5defb690d1175fea6\_img.jpg\)](#) [!\[\]\(59bff645cb030955f45f21c74e7ddbd4\_img.jpg\)](#)
2. **Attachment 2 - Public Transport Write Off Request - April 2023** [!\[\]\(dd83808d77658902b474c9e02c5f52d1\_img.jpg\)](#) [!\[\]\(987f007ec31dbf160273204c7c2fd496\_img.jpg\)](#)
3. **Attachment 3 - Clause 131 of Local Government General Regulation 2021** [!\[\]\(81fa0003d5fda42e000d07b0ffc66c38\_img.jpg\)](#) [!\[\]\(acb0c5b34290f09b11b0b02089058fd1\_img.jpg\)](#)

**Murray River Council**

Accounts Receivable - Final Recommended Write Off

Financial Year 2022-23

**Council to Approve Write-Off of Debt**

Account No	Account Name	Total Balance	Remarks
Sundry Debtor 655520.51	Joe Joe's Café	\$ 560.00	This item relates to Food Inspection Fee outstanding from October and December 2016. The business is no longer operating and there is no known address for this business and / or its owner(s). The Accounts Receivable team have put their best efforts to retrieve this money but correspondence, statements and all other communication gets returned. The cost to follow this debt is higher than the value.
Sundry Debtor 600591.51	Judith Reddie	\$ 620.69	These Houseboat charges are outstanding from 2016 and the address is no longer valid, which causes return of statements and all notices sent. It is not a cost effective option to send it for collection or for legally taking up this matter.
Sundry Debtor 31647.51	Christopher Burley	\$ 743.85	This relates to hire of a grader in August 2020. The customer was followed for recovery of this debt and he called the Council on the matter stating that as per agreed with Ian Keech, this charge was to be waived off. Ian Keech is no longer working with the Council and there is no verifiable documentary trail of agreement to charge this hire.
Sundry Debtor 654930.51	Michael Beasy	\$ 745.17	These Houseboat charges are outstanding from 2016 and the address is no longer valid, which causes return of statements and all notices sent. It is not a cost effective option to send it for collection or for legally taking up this matter.
Sundry Debtor 654956.51	Neighbourhood Assn 285563	\$ 756.40	These charges represent lease of land - Five Mile Reserve - Pump Shed 2018-2019. There is no known address and all the communication / statements are returned to Council. The case is not cost effective to be sent for collection or recovery.
Sundry Debtor 617140.51	Picnic Point Caravan Park	\$ 9,641.82	This represent cost of tree removals in the Council boat ramp from 2016. There are documents and other paper work available that this item was to be credited by Simon Arkinstall. There has been communication and correspondence back and forth and there are reasonable conditions meeting a valid removal of this amount. The amount also relates to the flood at the time and with Council going through the Oct/ Nov 2022 flood recently, it could be a reputation risk to chase an outstanding debt relating to flood.
Rates Assessment 11141880		\$ 26,737.38	A detailed report is attached. This is not necessarily a write-off of a bad debt, but rather a correction to something Council has done in error. You can only charge rates and annual charges on crown land if there is a valid and current lease in place. Valnet search has confirmed no lease is in place for the Lot and DP associated with former assessment 11141880. Council has charged the annual charges, however under the <i>Local Government Act 1993 Section 555(1a)</i> , Crown land is exempt unless a lease is in place for private purposes. This section deals with rates but can also expropriate to annual charges (land held under a lease for private purposes).
<b>Total for Council Approval</b>		<b>\$ 39,805.31</b>	

**Murray River Council**

Accounts Receivable - Final Recommended Write Off

Financial Year 2022-23

Amounts Written Off under Finance Manager Delegation (Provided for information purposes under Clause 131 of LG (General) Regulation 2021)			
Account No	Account Name	Total Balance	Remarks
Sundry Debtor 31278.51	Moama Netball Club	\$ 66.00	This invoice relates to hire of Moama Sports Complex which is outstanding since January 2019. The Accounts Receivable have sent numerous statements and other correspondence for this invoice. We haven't received any response despite repeated attempts. The case is not considered cost effective to be escalated for debt collection.
Sundry Debtor 31584.07	Brett Mawson	\$ 15.00	HACC Services have advised that this long outstanding amount has been chased repeatedly but due to no response received, it is unlikely that there will be a success in retrieving this amount. Since it is not cost effective for debt collection, a write off is recommended.
Sundry Debtor 31918.07	Amanda Horn	\$ 45.00	HACC Services have advised that this long outstanding amount has been chased repeatedly but due to no response received, it is unlikely that there will be a success in retrieving this amount. Since it is not cost effective for debt collection, a write off is recommended.
Sundry Debtor 32220.52	Adrian Bliss	\$ 200.00	The customer has deceased and HACC services have determined that it is highly unlikely that this amount can be recovered. They have instead recommended a write off for this amount.
Total Written Off by Finance Manager		<u>\$ 326.00</u>	
TOTAL		\$ 40,131.31	

**Public Transport Corp – Assessment 11141880 – Write off Transaction Details – Incorrectly Charged**

Ass: 11141880-Public Transport Corp (Val 572857-does not exist in Valnet) Railway Lands Moulamein. NSW Crown Land adjacent to railway lines were leased to Public Transport (Vic Track). Investigations through local knowledge was that land had originally 2 houses & 1 works depot. Houses were sold and removed from area to other locations in Moulamein and the works depot was a transportable that was also removed. When the rail services closed down approximate year 2000 the works depot was removed, houses would have been prior to that date. While the date of removal is unclear, I believe these rates and charges should be removed.

Assessment 11141880 (and associated lease) has been cancelled since 2004/2005 year. Charges should not have been applied for the years 2006 through to 2011 as assessment was cancelled – charges were applied for those 5 years. Charges haven't been applied since 2011, but outstanding charges have been incurring interest on the outstanding amount.

Last payment from Public Transport Corp was on the 15/11/2004. This covered up to the 2004/05 year. Railway line was decommissioned prior to year 2000, with the final house/ work depot removed in year 2000 (estimated – cannot confirm exact year, but confirmed as gone by year 2000 at the latest).

A summary of the make-up of outstanding amounts is listed on the next page, with a total of \$26,737.38. Interest comprises of \$14,155.61 of this total and interest has been stopped on the account.

You can only charge rates and annual charges on crown land if there is a valid and current lease in place. Valnet search has confirmed no lease is in place for the Lot and DP associated with former assessment 11141880. Council has charged the annual charges, however under the *Local Government Act 1993 Section 555(1a)*, Crown land is exempt unless a lease is in place for private purposes. This section deals with rates but can also expropriate to annual charges (land held under a lease for private purposes).

**LOCAL GOVERNMENT ACT 1993 - SECT 555****What land is exempt from all rates?****555 What land is exempt from all rates?**

(1) The following land is exempt from all rates--

(a) land owned by the Crown, not being land held under a lease for private purposes,

Given the size of the amount I am seeking approval to remove this amount of \$26,737.38 from outstanding annual charges on the basis we are correcting an error in raising charges that shouldn't have occurred rather than a genuine write-off of bad debt.

**Recommendation**

1. That the total of \$26,737.38 be removed from Assessment 11141880.



Kris Kershaw

27 April 2023

**Sewerage Annual Service Charge**

Rates 2011 1	\$509.00
Rates 2010 1	\$489.00
Rates 2009 1	\$472.00
Rates 2008 1	\$454.00
Rates 2007 1	\$437.00
Rates 2006 1	\$420.00
<b>Total</b>	<b>\$2,781.00</b>

**Raw Water Annual Service Charge**

Rates 2011 1	\$473.00
Rates 2010 1	\$455.00
Rates 2009 1	\$440.00
Rates 2008 1	\$420.00
Rates 2007 1	\$400.00
Rates 2006 1	\$400.00
<b>Total</b>	<b>\$2,588.00</b>

**Filtered Water Annual Service Charge**

Rates 2011 1	\$473.00
Rates 2010 1	\$455.00
Rates 2009 1	\$440.00
Rates 2008 1	\$420.00
Rates 2007 1	\$400.00
Rates 2006 1	\$400.00
<b>Total</b>	<b>\$2,588.00</b>

**Annual Rate Charge**

Rates 2011 1	\$1,073.55
Rates 2010 1	\$816.12
Rates 2009 1	\$788.51
Rates 2008 1	\$683.99
Rates 2007 1	\$661.60
Rates 2006 1	\$601.00
<b>Total Rates</b>	<b>\$4,624.77</b>

**Interest Charged on Overdue Rates****\$14,155.61****Total to be written off \$26,737.38 Rates, Annual Charges and Interest**

## Clause 131 of Local Government (General) Regulation 2021 – Extract 18 July 2023



## New South Wales Consolidated Regulations

[\[Index\]](#) [\[Table\]](#) [\[Search\]](#) [\[Search this Regulation\]](#) [\[Notes\]](#) [\[Noteup\]](#) [\[Previous\]](#) [\[Next\]](#) [\[Download\]](#) [\[Help\]](#)

## LOCAL GOVERNMENT (GENERAL) REGULATION 2021 - REG 131

## Procedures for writing off rates and charges

## 131 Procedures for writing off rates and charges

- (1) The council must, from time to time, by resolution, fix the amount of rates and charges above which any individual rate or charge may be written off only by resolution of the council.
- (2) An amount of rates or charges of or below that amount can be written off either by resolution of the council or by order in writing of the council's general manager. In the absence of a resolution under subsection (1), rates and charges can be written off only by resolution of the council.
- (3) A resolution or order writing off an amount of rates or charges must--
  - (a) specify the name of the person whose debt is being written off, and
  - (b) identify the account concerned, and
  - (c) specify the amount written off,or must refer to a record kept by the council in which those particulars are recorded.
- (4) An amount of rates or charges can be written off under this section only--
  - (a) if there is an error in the assessment, or
  - (b) if the amount is not lawfully recoverable, or
  - (c) as a result of a decision of a court, or
  - (d) if the council or the general manager believes on reasonable grounds that an attempt to recover the amount would not be cost effective.
- (5) The fact that an amount of rates or charges is written off under this section does not prevent the council concerned from taking legal proceedings to recover the amount.
- (6) The general manager must advise the council of rates and charges written off by written order of the general manager.

AustLII: [Copyright Policy](#) | [Disclaimers](#) | [Privacy Policy](#) | [Feedback](#)

**5.4 QUARTERLY CREDIT CARD EXPENDITURE REPORT FOR THE MAYOR AND CEO****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Audit Risk Committee:

1. Receive and note the credit card expenditure report for Mayor and CEO for the period April to June 2023.

**DISCUSSION**

As resolved at the February 2023 ARIC meeting, this report has been compiled to provide a quarterly report on the Mayor and Chief Executive Officer credit card expenditure.

**RECOMMENDATION:**

**That the Mayor's and CEO's credit card spending be signed off by the Director Corporate Services as per the policy and that a quarterly report be provided to the ARIC on the total spend.**

**MOVED:** Jean Sutherland**SECONDED:** Kron Nicholas

The credit card limits and expenditure were as follows:

	<b>Mayor</b>	<b>CEO</b>
Limit	\$7,500	\$10,000
April 2023	\$9.00	\$9.00
May 2023	\$209.00	\$506.51
June 2023	\$1,653.47	\$1,109.00

**ATTACHMENTS****Nil**

## 5.5 RURAL FIRE SERVICE AND RECOGNITION OF 'RED FLEET' PLANT AND EQUIPMENT

**File Number:** -

**Author:** Kris Kershaw, Manager Finance

**Authoriser:** Stephen Fernando, Director Corporate Services

### RECOMMENDATION

That the Audit and Risk Committee:

1. Receive and note the report regarding Council's status on recognition of Rural Fire Service assets in Council's asset registers.

### DISCUSSION

This report is provided to the Audit and Risk Committee for information purposes.

At the July 2023 Council Ordinary Meeting, Council re-confirmed its position with regards to the recognition and non-recognition of Rural Fire Service assets in Council's asset registers.

The re-confirmation of the status of Rural Fire Service assets is also part of the final management letter actions from the 2021/22 financial year audit (see point 1 below). Council should re-confirm its position on a yearly basis.

Our insights inform and challenge government to improve outcomes for citizens




### Summary of issues

Issue	Detail	Likelihood	Consequence	Risk assessment
<b>Prior year matters not resolved by management</b>				
1	<u>Rural fire-fighting assets not recognised in the financial statements</u>	Almost Certain	High	❗ High
2	<u>Financial statement close process and audit readiness</u>	Likely	High	❗ High
3	<u>Management of infrastructure, property, plant and equipment</u>	Likely	High	❗ High
4	<u>Fair value and impairment assessment – infrastructure, property, plant &amp; equipment</u>	Likely	High	❗ High
5	<u>Policy for budget variation</u>	Likely	Medium	⚠ Moderate
6	<u>Access to Programs and Data</u>	Possible	High	⚠ Moderate
7	<u>Council's asset register maintained in spreadsheet and not completely reconciled</u>	Likely	Medium	⚠ Moderate
<b>Current year matters</b>				
1	Nil			



## Prior year matters not resolved by management

### Issue 1: Rural fire-fighting assets not recognised in the financial statements

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost certain	High	Yes	Reporting	 High

#### Observation

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 May 2012.
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 general purpose financial statements (GPFS) to be modified.

#### Implications

The financial statements are misstated as rural fire-fighting equipment is not recorded.

As the Council has not provided evidence to confirm the completeness, accuracy, existence or condition of these assets, there is a limitation on the scope of my audit and we issued a modified audit opinion on the Council's 30 June 2022 general purpose financial statements.

#### Recommendation

We recommend Council:

- perform a full asset stock take of rural fire-fighting equipment that it controls, including assessing the condition of these assets
- record the rural fire-fighting equipment in the asset register and the financial statements.

#### Management response

Disagree

See previous comments in previous year's management letter and Council Resolution dated 24 May 2022.

#### Person responsible:

No action envisaged

#### Date (to be) actioned:

Not applicable

A copy of the resolution is below, and the report sent to Council is attached.

Council's position on this matter has remained unchanged since the previous resolution twelve (12) months ago.

### 9.2.2 NSW RURAL FIRE SERVICE ASSETS RECOGNITION

#### RESOLUTION 070723

Moved: Cr Neil Gorey

Seconded: Cr Thomas Weyrich

That Council resolve to:

1. continue to account for Council land and buildings assets used by the NSW Rural Fire Service in Council asset registers and financial statements, as the Council has care, control, and management of the buildings, and
2. not account for the NSW Rural Fire Service plant and equipment in the Council asset registers and financial statements, as the Council does not have care, control and management of the plant and equipment.


**CARRIED**

It has been confirmed that forty-three (43) NSW Councils received a qualification on their 2021/22 financial statements, including Murray River Council, because of not recognising rural firefighting equipment in their financial statements.

Attached to this report (as part of Attachment 5), is the GAAP Consulting report commissioned by the Office of Local Government (OLG) back in 2018. The report was an expert's report by Mr Colin Parker (over 40 years' experience in financial reporting, auditing and ethics policy and implementation as well as a former member of the Australian Accounting Standards Board) into the *Review of accounting for 'red truck' assets and other fire-fighting equipment in NSW.* This report was completed in April 2018 and has recently been released under a GIPA application (requested by LG NSW) to the OLG. The report was made available to councils as part of the LGNSW President's Message update 5 July 2023. A copy of this can be found on Attachment 6.

This report, as stated above was listed as a final draft, and notes that the OLG asked that the draft report first be considered by NSW Government before any consultation with the local government sector, but in summary the report conclusively states that Councils neither control RFS assets nor should recognise them.

### ATTACHMENTS

1. Report to Council on Recognition of Rural Fire Service Assets [!\[\]\(5a0d662075632df1b39c9e3427a70093\_img.jpg\) !\[\]\(b9aaeddcca3b0cfd727d0e19f8b22e6b\_img.jpg\)](#)
2. Attachment 1 - Code of Accounting and Financial Reporting 2020-21 – General Purpose Financial Statements Pages Extract [!\[\]\(7985cfc9ac20c5a67d1a49b8edd9370c\_img.jpg\) !\[\]\(c3dc9c5d8504b4ff44583fa2a53f68d3\_img.jpg\)](#)
3. Attachment 2 - FA1763 Report on the Conduct of the Audit 2022 [!\[\]\(dcc90d5dff4daebc8e015e38f89e1f01\_img.jpg\) !\[\]\(5a7dbb8a52a41ee78efaae6ec4edbab9\_img.jpg\)](#)
4. Attachment 3 - Local Government 2022 Report - Extracted Pages [!\[\]\(008078a23930834f6c898f09f2c1dae4\_img.jpg\) !\[\]\(7fed1b66d79c9e6145749e5541077e76\_img.jpg\)](#)
5. Attachment 4 - OLG letter to Another Council [!\[\]\(d5b40c91112d7c71a95e25a135682f5b\_img.jpg\) !\[\]\(056075d7878218cdcaa8e4443e6edb04\_img.jpg\)](#)
6. Attachment 5 - LG NSW Letter and GAAP Consulting Report into Red Truck and Other Rural Firefighting Equipment (under separate cover) 
7. Attachment 6 - LGNSW Presidents Message 5 July 2023 [!\[\]\(c698fcdef9d18833b54a7e51fd391d42\_img.jpg\) !\[\]\(3a2858318b10c3db94b9daa7bf919c08\_img.jpg\)](#)
8. Attachment 7 - Mr Adam Marshall MP Media Release 19 June 2023 [!\[\]\(a12d62738fccff97dbe3e96bc7d6d002\_img.jpg\) !\[\]\(e57343d80bc6710d6fddb701ab02ce75\_img.jpg\)](#)

## MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda

25 July 2023

**9.2.2 NSW RURAL FIRE SERVICE ASSETS RECOGNITION**

File Number: -

Author: Kris Kershaw, Manager Finance

Authoriser: Stephen Fernando, Director Corporate Services

**RECOMMENDATION**

That Council resolve to:

1. continue to account for Council land and buildings assets used by the NSW Rural Fire Service in Council asset registers and financial statements, as the Council has care, control, and management of the buildings, and
2. not account for the NSW Rural Fire Service plant and equipment in the Council asset registers and financial statements, as the Council does not have care, control and management of the plant and equipment.

**BACKGROUND**

The *Rural Fires Act 1997* (hereafter referred to as **the Act**) established the Rural Fire Service (RFS) to coordinate bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales.

The NSW Rural Fire Fighting Fund holds all contributions required to meet the costs of the service and is maintained by the NSW Treasury. Annual contributions to the Fund are sourced from the following:

- NSW Treasurer 14.6%
- Relevant councils 11.7% (at s110(3) of **the Act**)
- Insurance companies 73.7%

RFS districts and RFS brigades are established generally in line with local government areas (LGA). Murray River Council is part of the Mid Murray Fire Zone, which includes Murray River Council, Edward River Council, and part of the former Jerilderie Shire (Murrumbidgee Council).

Murray River Council currently maintains the buildings used by RFS within its LGA and services RFS vehicles through its maintenance depot upon request. Council charges the RFS for these costs directly to the RFS budget that Council maintains for maintenance and operation costs as these buildings are used exclusively by and for the sole benefit of the RFS.

Council accounts for land and buildings used by the RFS situated within the Murray River boundary in Council asset registers and financial statements.

However, Council does not account for RFS plant or other equipment as Council is of the view that these assets do not meet the requirements of Australian Accounting Standard Board (AASB) standard No. 116 (AASB 116). This was the position adopted by Council at the 24 May 2022 Council Ordinary Meeting.

This report is seeking to re-confirm Council's position with regards to not accounting for the NSW Rural Fire Service plant and equipment in the Council asset registers.

---

MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda25 July 2023

---

**DISCUSSION**

The Office of Local Government (hereafter referred to as OLG) has stated, via the adopted Code of Accounting and Financial Reporting 2022/23 on page 54 (attached to this report), that *'The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State. Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards and recognise in their financial statements any material assets under their control and state the relevant accounting policy in relation to the treatment.'*

**Update Since May 2022 Report to Council****2021/22 Audit Qualified Opinion by NSW Audit Office**

It has been confirmed that forty-three (43) NSW Councils received a qualification on their 2021/22 financial statements, including Murray River Council, because of not recognising rural firefighting equipment in their financial statements.

The qualification that Murray River Council received for the 2021/22 financial year is shown in Attachment 2 of this report (called *FA1763 Report on the Conduct of the Audit 2022*). Within this qualification, it was argued that Council controlled rural firefighting equipment on the grounds that:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 April 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

This report outlines the position taken by Council previously, whereby it does not control the rural firefighting equipment. It is recommended that this position remains unchanged moving forward.

For information purposes, a list of the forty-three (43) councils to receive a qualified audit opinion on rural fire-fighting equipment is provided as part of Attachment 3 (see pages 65, 66 and 67 of the report called *Local Government 2022 Report - Extracted Pages*).

**Local Government 2022 Report by the NSW Audit Office (hereafter referred to as NSW AO)**

In the Local Government 2022 report, there was a focus on the RFS assets – this extract from that report has been included as Attachment 3 (Report called *Local Government 2022 Report - Extracted Pages*). On page 1 in the Auditor-General's foreword, the following comment was made:

*"Disappointingly, accounting for the value of rural firefighting equipment vested in councils continued to be an unnecessary distraction and resulted in 43 councils having their financial statements qualified. We continue to recommend that the Office of Local Government should intervene where councils fail to comply with Australian Accounting Standards by not recognising assets vested to them under section 119(2) of the Rural Fires Act 1997."*

On pages 10 and 15 of the report, the comment has been made that *"The OLG within the department should now intervene where councils do not recognise rural firefighting equipment."*

**MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda****25 July 2023**

The mention of “*should now intervene*” – what does intervention look like? For example, does the NSW AO want the OLG to change the accounting code in a way to force councils to recognise RFS assets? The issue with the NSW AO statement wanting the OLG to intervene is that it is the council's responsibility to apply the accounting standards to the financial statements and not the OLG. It is on council to apply and adhere to the accounting standards when compiling the end of year financial statements.

The report also outlined that there were forty-three (43) NSW councils issued with a qualified audit opinion for non-recognition of rural firefighting equipment (refer to pages 65,66 and 67 of the attached Local Government 2022 report). There are forty-seven (47) NSW councils that do recognise rural firefighting equipment currently in their financial statements.

Finally, on page 15 of the Local Government 2022 report, the comment was made that “*Given the law and the State's clear position, it would appear that any council not recognising this equipment is non-compliant with the relevant Australian Accounting Standards.*” This statement is in contradiction to various other analysis and opinions done, including council's own assessment and the recently released Parker report (released in October 2022 under a freedom of information request).

**Letter from OLG to the forty-three (43) Councils with Qualified Opinions**

It has been brought to council staff attention recently that the OLG has issued the forty-three (43) NSW councils with a qualified audit opinion a letter stating that councils provide the OLG a response on how they intend to address the recognition of rural fire-fighting equipment by way of:

In order to satisfy the Office of Local Government (OLG) that Council will address the qualified audit opinion it is requested that Council provide OLG with:

- the strategies implemented to address the qualified audit opinion and address any significant audit risks raised; and
- a copy of the Audit Office's 2021-22 management letter and Council's response.

At the time of writing this report, MRC has not received this letter from the OLG.

A copy of the letter received by another council has been provided as Attachment 4 for reference purposes.

**Local Government NSW (hereafter referred to as LGNSW) Response to OLG**

Included with this report is a copy of the LGNSW response letter dated 27 June 2023 (Attachment 5) to the OLG express serious concern and disappointment at the qualification opinion and the OLG issuing letters to councils regarding the qualified opinions. The letter also re-confirms the position taken that councils will not change their position on the matter. The letter was made available to councils as part of the LGNSW President's Message update 5 July 2023. A copy of this can be found on Attachment 6.

To support the position MRC and other councils have taken, the letter outlined reasons as follows:

*“The position of LGNSW and councils is supported by:*

- *The State Government's own Local Government Accounting Code of Practice and Financial Reporting, which provides for councils to determine whether or not they record the RFS assets as council assets based on their professional opinion.*
- *A 7 June 2022 letter from the Secretary of the Department of Planning and Environment to the Auditor General which makes clear that ‘councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards’.*
- *An independent expert's 2018 report by GAAP Consulting commissioned by the OLG and only recently released after a successful GIPA request, which found that ‘councils have no*



## MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda

25 July 2023

*substantive rights for the control of fire-fighting equipment – vesting by itself does not confer control'. The expert report went on to recommend that:*

*o Fire-fighting equipment recognised by some councils should be derecognised.*

*o Fire-fighting equipment vested in councils should be recognised at cost in the RFS's financial statements."*

In the letter from LGNSW, it was noted that the GAAP Consulting report, titled '*Review of accounting for red truck assets and other fire-fighting equipment in NSW*' was listed as a final draft, and notes that the OLG asked that the draft report first be considered by NSW Government before any consultation with the local government sector. This local government consultation on the report never occurred and the report was not shared publicly until it was successfully released under a Government Information (Public Access) Act request in 2022.

Finally, the LGNSW continues to support councils with the statement "*It is the clear position of LGNSW that councils should not record RFS mobile assets in their financial statements and LGNSW will continue to recommend that councils continue to consider their own position on this matter."*

### The Parker Report into RFS Red Fleet Assets

Attached to the letter, and this report (as part of Attachment 5), is the GAAP Consulting report commissioned by the OLG back in 2018. The report was an expert's report by Mr Colin Parker (over 40 years' experience in financial reporting, auditing and ethics policy and implementation as well as a former member of the Australian Accounting Standards Board) into the *Review of accounting for 'red truck' assets and other fire-fighting equipment in NSW*. This report was completed in April 2018 and has recently been released under a GIPA application (requested by LG NSW) to the OLG. The report was made available to councils as part of the LGNSW President's Message update 5 July 2023. A copy of this can be found on Attachment 6.

This report, as stated above was listed as a final draft, and notes that the OLG asked that the draft report first be considered by NSW Government before any consultation with the local government sector, but in summary the report conclusively states that Councils neither control RFS assets nor should recognise them.

To provide further explanation on this, pages 8 and 9 of the report, Mr Parker provides the following recommendations:

#### My recommendations

**31.** Fire-fighting equipment recognised by some councils should be derecognised. If the error is considered material, it should be disclosed as such under AASB 108 *Accounting Policies, Changes in Estimates and Errors*.

**32.** Fire-fighting equipment vested in councils whether recognised or unrecognised under options in the code should be recognised at cost in the RFS's financial statements. This should be accounted and disclosed as an error under AASB 108 *Accounting Policies, Changes in Estimates and Errors* if the error is determined to be material.

**33.** Given the diversity of opinion between two group of stakeholders over a long period, an argument could be made that rather than an error, it is a change in accounting policy resulting for consideration of recently issued accounting standards (i.e., AASB 10, AASB 15, AASB

## MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda

25 July 2023

33.1.1



16) that provide more definitive guidance on the control. Accordingly, it would be not treated as error.

34. Under AASB 108, 'an entity shall change an accounting policy only if the change: ... (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows' (AASB 108.14).

35. AASB 108 also identifies two circumstances that are not changes in accounting policies: (a) the application of an accounting policy for transactions, other events or conditions that differ in substance from those previously occurring and (b) the application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial' (AASB 108.16). For an argument of a change in accounting policy to be sustained the 'differ in substance test' would need to be argued.

36. As a change in accounting policy, the derecognition of fire-fighting equipment by those councils that had previously recognised such assets and their recognition by the RFS would present more reliable and relevant information to the users of their financial statements and be in line with the entities' objectives.

37. My preference is for an error correction as the appropriate treatment.

38. Turning specifically to RFS-sourced land and buildings, these should be subject to the same control considerations as the red-fleet vehicles. There are likely to be further implications for councils where council land has been used as a contribution to infrastructure. These need to be determined by each council in accordance with their own facts and circumstances, applying the test of materiality.

\*\*\*\*\*

### NSW Parliament Members Private Bill

The NSW parliament member for Northern Tablelands (& Nationals party representative) Hon. Adam Marshall is trying to initiate an RFS political solution via a Private Members' Bill. A full copy of Mr Adam Marshall MP media release, issued 19 June 2023, is attached to this report (Attachment 7), but to summarise the main points from it:

*"MEMBER for Northern Tablelands Adam Marshall will introduce a Private Members' Bill into State Parliament this week, amending the Rural Fires Act 1997, to transfer the ownership of NSW Rural Fire Service (RFS) vehicles, fire trucks and buildings from local councils back to the State Government."*

*"My Bill will remedy the situation, bringing the argy-bargy to an end by making it clear that RFS assets belong to, and should be accounted for by, the State Government, via the NSW Rural Fire Service."*

*"This will bring the treatment of all these items in line with how the vehicle and building assets of all other emergency services in NSW are accounted for and remove an enormous and ridiculous cost burden from our local councils."*

*"In essence, this Bill reverses a huge and archaic cost-shifting anomaly buried deep within the Act and puts the full cost back on the level of government responsible for the RFS; the State Government."*

---

MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda

25 July 2023

There are reports that the Private Members Bill above will be supported by Independent Member for Kiama, Hon. Gareth Ward MP.

The information below was reported in the May 2022 report and has remaining unchanged.

**Asset Recognition Criteria**

The criteria for asset recognition are contained in various sections of the Framework for the Preparation and Presentation of Financial Statements and AASB116.

Under s119 of **the Act**, *'all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed'*. The NSW Government has also confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

Whilst **the Act** states that assets are to be vested in the council, the issue is around two core criteria concerns:

- where does effective control lie; and
- where does responsibility for the function lie.

AASB 116 requires that an asset shall only be recognised if, and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity.
- b) The cost of the item can be measured reliably.

Council does not provide rural fire fighting services to the community. Council helps the RFS to facilitate the delivery of bushfire management. While residents within Council's area receive a benefit from the activities of the RFS, RFS assets DO NOT provide any future economic benefit flow to Council.

Statement of Accounting Concepts 4 "Definition and Recognition of the Elements of Financial Statements" (hereafter referred to as SAC4) sets the basis on which an "Asset" should be recognised. There are three major factors to determine the characteristics of assets (SAC4 at 15):

1. The Entity must receive future economic benefits.
2. The Entity must have control over those future economic benefits.
3. The transaction or other event giving rise to the entity's control over the future economic benefit must have occurred.

SAC4 also establishes definitions of the elements of financial statements states, in that (at 14) *'An asset is defined as a resource that is **controlled by the entity** as a result of past events.'*

It goes on to state that *'control of an asset means the capacity of the entity to benefit from the asset in the pursuit of the entity's objectives and **to deny or regulate the access** of others to that benefit.'*

Attention needs to be given to the asset underlying substance and economic reality and not merely its legal form. In respect of not-for-profit entities, economic benefit is synonymous with service provision or enabling them to meet their objectives to beneficiaries.

**Information in relation to control of assets.**

Further to **the Act** s119(2) that provides that all firefighting equipment acquired from the fund is to be vested in the council of the area, a council must not dispose of such equipment without the written consent of the Commissioner (s119(3)).



---

MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda

25 July 2023

The Rural Fire District Service Agreement between Council and the Commissioner includes a basic section on district equipment (section 5):

- Council will allow the RFS to use the equipment, which is owned by, vested in or under the control of the Council.
- The Commissioner agrees to maintain the equipment on behalf of the Council; and
- The RFS will maintain a register of the equipment.

This can be compared to the section on Land and Buildings (section 6), which specifically states that the legal right to possession and control over the premises and land remains vested in Council and the RFS only has right of occupation. In addition:

- Council must maintain the premises in good repair.
- Council must pay all utility costs associated with the premises; and
- Council must pay all insurances associated with the building and public risk.

SAC4 (at 26) states that *'Possession or ownership of an object or right would normally be synonymous with control over the future economic benefits embodied in the object or right. However, these are not essential asset characteristics.'*

SAC4 (at 37) states *'Control over future economic benefits has been identified as an essential asset characteristic. While the ability of an entity to exercise control will often stem from the existence of legally enforceable rights, the absence of legal ownership does not preclude the existence of control. For example, an entity may protect the future economic benefits embodied in a formula or an invention not by obtaining a patent but by maintaining secrecy. Similarly, **the presence of legal rights does not guarantee control.**'* Therefore, the right of ownership is not essential to the determination of control.

### Accounting Recognition of Assets

As per AASB116, and stated in SAC4 (at 38) as well, requires that an asset shall only be recognised if, and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity.
- b) The cost of the item can be measured reliably.

#### Future Economic Benefits

The RFS is funded directly by the State; both operating and capital acquisitions/ decisions are made directly by RFS Officers. While Council may be consulted in these decisions it takes no part in the final decision and as such Council has no direct input into the operations or capital acquisitions of the RFS.

**The Act** provides that *'The NSW Rural Fire Service has the function to provide rural fire services for New South Wales'* [9(1)(a)]. It is considered therefore that it is the Rural Fire Service and not councils that receive future economic benefit from firefighting equipment assets in terms of both net cash flows and service provision.

#### Control of Assets

SAC 4 (24) defines "control of an asset" as; *'the capacity of the entity to benefit from the asset in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit. **The entity controlling an asset is the one that can, depending on the nature of the asset, exchange it, use it to provide goods or services, exact a price for others' use of it, use it to settle liabilities, hold it, or perhaps distribute it to owners.**'*

---

MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda25 July 2023

---

(a) *Land & Buildings*

The Rural Fire Service Agreement clearly identifies that Council retains full legal right to possession and control over premises occupied by the RFS. Councils are required to maintain buildings, pay all utility costs associated with the building and pay all insurances on the buildings and public risk associated with the use of the building.

This is like a lease agreement, and as such, Council retains control of the building and is required to hold the land and associated building as an asset.

(b) *Equipment*

S119 (3) of **the Act** stipulates that Council must not sell or otherwise dispose of any firefighting equipment ... without the consent of the Commissioner.

S119 (4) of **the Act** requires any funds received from sale must be credited to the RFS fund.

The RFS Zone Manager makes all decisions about capital improvements and new assets, while Council may be consulted in these decisions it takes no part in the final decision. The RFS insures all plant and equipment. In practice, the RFS makes all decisions to switch fleet and equipment to other fire districts as it deems necessary. Council has no access to and is not permitted to the use of any plant and equipment held by the RFS.

Council has no control over the purchase, use or sale of any RFS equipment. As such, the requirements of SAC 4 have not been met and RFS equipment should not be included as assets in Council's asset register or its financial statements.

**STRATEGIC IMPLICATIONS**

2. Strategic Theme 2: A Place of Progressive Leadership

2.5 - Continue to be a trusted and ethical leader that leads by example - Leadership that is trusted, capable and collaborative.

5.1.1 - Council decision making takes into account the needs and priorities of our local communities and the longer term social, cultural, economic and environmental viability and sustainability of our region

**BUDGETARY IMPLICATIONS**

Recommendation is to maintain current accounting treatment, so no budgetary impact on Council's budget.

If Council were to resolve to include the NSW RFS plant and equipment in Council's asset registers, it would impact the Income Statement by way of an increase in depreciation expense of approximately \$560,507 per annum, resulting in a deterioration of Council's financial position and its long-term financial sustainability.

**POLICY IMPLICATIONS**

Nil.

**LEGISLATIVE IMPLICATIONS**

Local Government Act 1993.

Rural Fires Act 1997.

Australian Accounting Standards & Statement of Accounting Concepts

---

MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda25 July 2023

---

**RISK ANALYSIS**

- **What can happen?**

NSW Audit Office (NSW AO) qualifies the financial statements of Council as a means of pressuring Council to conform the position dictated by the NSW State government through OLG.

- **How can it happen?**

By Council resolving to not account for the NSW RFS plant and equipment on Council's asset registers & financial statements

- **What are the consequences of the event happening?**

Moderate. Council will have a qualified audit, as it did receive for the 2021/22 financial statements. However, Council is aware that MRC is not alone in taking this position and multiple Councils have continued to not account for these assets. As such if the NSW AO, were to qualify the financial statements again for 2022/23 financial year, it would need to do so for approximately for forty-three (43) councils in NSW, which is likely to bring a higher level of external scrutiny to the issue.

- **What is the likelihood of the event happening?**

Likely.

- **Adequacy of existing controls?**

Controls are limited, as the decision to qualify the financial statements rests with the NSW AO.

- **Treatment options to mitigate the risk?**

Council can resolve to include the RFS plant & equipment in Council financial statements. While that would eliminate the risk of a qualified audit opinion, it would deteriorate the financial position of Council and it may also weaken the position that LGNSW and councils have taken on the matter – need to maintain the collective position on the matter.

**CONCLUSION**

The AASB Accounting Standards require a standard higher than ownership when accounting for assets. Even if entities may own an asset, unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entity's assets schedule.

When all criteria of asset recognition included in the AASB Accounting Framework and Standards are considered, while Council retains effective control of associated land and buildings, the NSW RFS retains control of plant and equipment. In line with this, Council's practice is to recognise associated land and buildings used by the RFS in its asset schedules, but not plant and equipment. It is also considered that regarding the objectives of financial reporting, Council's obligation and commitment to the rural fire fighting function is fully and accurately reflected in the statutory contribution expense made and the net cost of other relevant facilities provided.

Recent updates to this issue, including the LGNSW continuing to support councils, the release of the GAAP consulting report, and the private members bill to the NSW Parliament by Hon. Adam Marshall help to confirm that council is taking the correct position with regards to the non-recognition of rural firefighting equipment and more importantly, that council is not alone on this issue. The recommendation is that council does not change its position on this matter.

**ATTACHMENTS**

1. **Attachment 1 - Code of Accounting and Financial Reporting 2020-21 – General Purpose Financial Statements Pages Extract**
2. **Attachment 2 - FA1763 Report on the Conduct of the Audit 2022**
3. **Attachment 3 - Local Government 2022 Report - Extracted Pages**

---

**MURRAY RIVER COUNCIL Ordinary Council Meeting Agenda**

**25 July 2023**

- 4. Attachment 4 - OLG letter to Another Council**
- 5. Attachment 5 - LG NSW Letter and GAAP Consulting Report into Red Truck and Other Rural Firefighting Equipment (under separate cover)**
- 6. Attachment 6 - LGNSW Presidents Message 5 July 2023**
- 7. Attachment 7 - Mr Adam Marshall MP Media Release 19 June 2023**



Office of  
Local Government

**LOCAL GOVERNMENT  
CODE OF ACCOUNTING PRACTICE  
AND FINANCIAL REPORTING 2022/23**



**December 2022**

NSW Council | Notes to the financial statements 30 June 2023

	<p>14. The cost of a major inspection or overhaul of an item occurring at regular intervals over the useful life of the item is capitalised only where Council has clearly identified as a separate component of the asset an amount representing major inspection or overhaul and has already depreciated that component to reflect the consumption of benefits that are to be subsequently replaced. The carrying amount of the parts replaced should be appropriately de-recognised. In all other circumstances, such costs are expensed as incurred.</p>
	<p><b>Depreciation</b></p>
AASB 116.58	<p>15. Each part of an item of IPPE with a cost that is significant in relation to the total cost of the asset should be depreciated separately (componentisation).</p> <p>16. The purpose of depreciation is to record the value (or cost) of the asset that has been consumed during the accounting period so that users can obtain an understanding of Council's assets and their performance. Depreciation expense in the financial statements should not be used as a proxy for the amount of future funding required to replace the existing asset nor a mechanism to set users' charges or rates based on fully funding depreciation.</p> <p>17. Generally, land has an unlimited life, however Councils need to depreciate land if it is considered to have a finite life, for example being used for quarries or landfill.</p> <p>18. Straight-line method of depreciation reduces the cost of the asset uniformly over the useful life of the asset which is considered the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets of councils</p>
OLG	<p>19. OLG preference is for all councils to use straight-line method for depreciation of IPPE. If councils are using a depreciation method other than straight-line then councils need to have detailed systems and controls to support that alternative model.</p> <p>20. Where a council changes from a depreciation method other than straight-line to straight-line then it is accounted for as a change in accounting estimate per AASB 108 (change in expected pattern of consumption of the future economic benefits embodied in depreciable assets) and therefore should be accounted for on a prospective basis.</p>
AASB agenda decision	<p><b>Residual value</b></p> <p>The AASB's stated view is that residual value reflects consideration receivable for an asset at the end of its useful life to the entity, and accordingly would not include cost savings from the reuse of in-situ materials. This means that the potential cost savings from reusing existing infrastructure components should not be recognised as a residual value, i.e., an asset should be written down to zero at the point of renewal. Any savings that are expected to be achieved by the reuse of in situ material would be expected to be reflected in the replacement cost.</p> <p><b>Rural Fire Services (RFS) assets</b></p> <p>Under Section 119 of the Rural Fire Services Act 1997 (NSW), <i>'all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed'</i>.</p> <p>The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.</p> <p>Councils need to assess whether they control any rural firefighting equipment in accordance with Australian Accounting Standards and recognise in their financial statements any material assets under their control and state the relevant accounting policy in relation to the treatment.</p>



Cr Chris Bilkey  
Mayor  
Murray River Council  
PO Box 906  
MOAMA NSW 2731

Contact: Daniel Mobilia  
Phone no: (02) 9275 7379  
Our ref: D2226256/1763

8 December 2022

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2022  
Murray River Council**

I have audited the general purpose financial statements (GPFS) of the Murray River Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

**SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements.

**Modification to the opinion in the Independent Auditor's Report**

**Non-recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting

- equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 April 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2022 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified. Refer to the Independent Auditor's report on the GPFS.

## INCOME STATEMENT

### Operating result

	2022 \$m	2021 \$m	Variance %
Rates and annual charges revenue	17.8	18.0	↓ 1.1
Grants and contributions revenue	37.1	37.2	↓ 0.2
Operating result from continuing operations	(3.4)	8.1	↓ 142.0
Net operating result before capital grants and contributions	(21.8)	(11.1)	↓ 96.4

Rates and annual charges revenue (\$17.8 million) decreased by \$0.2 million (1.1 per cent) in 2021–22. The movement is driven by a decrease in annual charges and is not significant.

Grants and contributions revenue (\$37.1 million) decreased by \$0.1 million (0.3 per cent) in 2021–22. The movement is not significant.

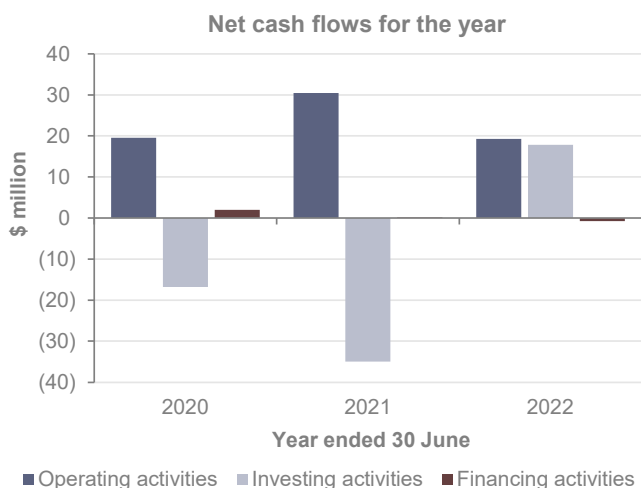
The Council's operating result from continuing operations (deficit of \$3.4 million including depreciation and amortisation expense of \$26.3 million) was \$11.5 million lower than the 2020–21 result. The decrease was mainly due to a \$6.4 million increase in depreciation, amortisation and impairment expense in 2020–21 as compared to the prior year. Council's depreciation on road assets increased by \$5.2 million to \$13.9 million in 2021–22 which was a result of the revaluation of this asset class in 2020–21. Council also recorded a \$3.2 million revaluation decrement of IPPE through the income statement in 2021–22 (2020–21: \$2.5 million).



The net operating result before capital grants and contributions (deficit of \$21.8 million) was \$10.7 million lower than the 2020–21 result. The decrease was mainly due to increase in depreciation, amortisation and impairment expense (as noted in above commentary).

## STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$2.4 million at 30 June 2022 (\$1.9 million at 30 June 2021). There was a net increase in cash and cash equivalents of \$0.5 million during 2021–22 financial year.
- Net cash provided by operating activities has decreased by \$11.2 million. The decrease is mainly due to the decrease in grants and contributions by \$5.9 million and an increase in payments for materials and services by \$3.9 million.
- Net cash used in investing activities has decreased by \$17.0 million. The decrease is mainly due to a decrease in purchases of investments by \$12.9 million.
- Net cash flows from financing activities have decreased by \$0.9 million, to \$0.8 million used in 2021–22 compared to \$0.1 million received in 2020–21. The decrease is mainly due to \$0.7 million proceeds from borrowings in 2020–21.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>48.3</b>	<b>52.7</b>	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The externally restricted funds as at 30 June 2022 has increased due to an increase in sewer fund restrictions by \$1.1 million and increase in developer contributions – general by \$0.6 million.</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	33.5	30.8	<ul style="list-style-type: none"> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease of internally restricted funds of \$7.6 million is primarily due to a decrease in prepaid financial assistance grant by \$2.2 million, infrastructure replacement by \$2 million, decrease in employees leave entitlement by \$0.9 million, and decrease in industrial development by \$1.2 million.</li> </ul>
• Internal allocations	12.5	20.1	
• Unrestricted	2.3	1.8	
			<ul style="list-style-type: none"> <li>Unrestricted cash and investments have remained relatively consistent with the prior year.</li> </ul>

### Debt

Council has \$3.3 million of external borrowings (\$3.8 million in 2021) which is secured over the revenue of Council. Council repaid \$0.6 million of external borrowings and no new loans were entered during the year. Council also has a \$0.7 million bank overdraft facility (2021: \$0.7 million) which was undrawn as of 30 June 2022.

## PERFORMANCE

### Performance measures

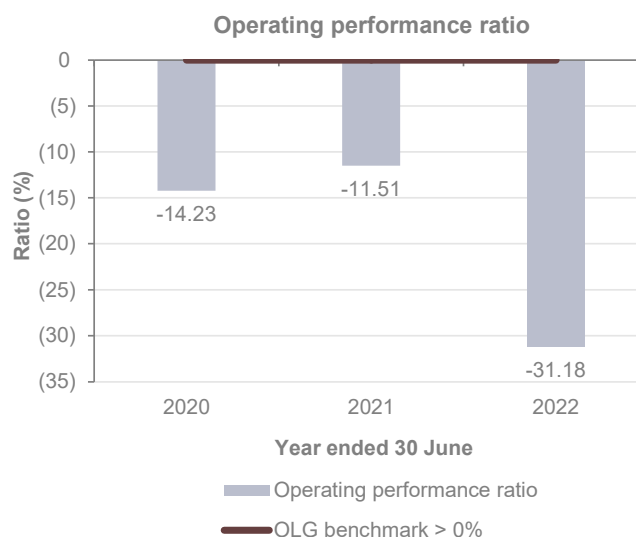
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

#### Operating performance ratio

The Council did not meet the OLG benchmark for the current reporting period.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The operating performance ratio decreased to -31.18 per cent (2021: -11.51 per cent) due to the increase in depreciation, amortisation and revaluation decrement expense by \$6.4 million in 2021–22.

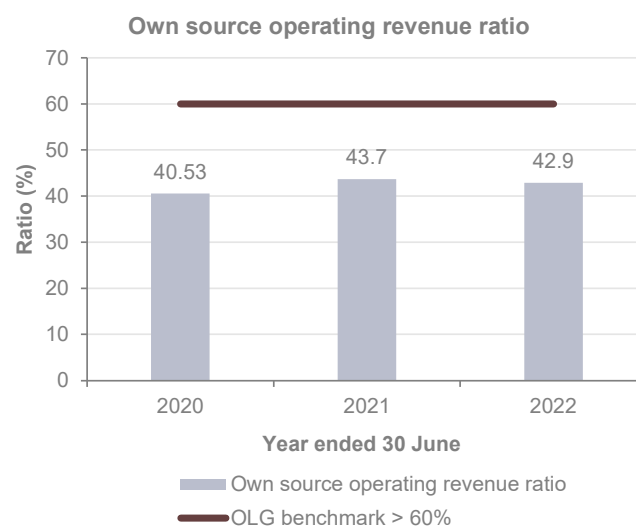


#### Own source operating revenue ratio

The Council did not meet the OLG benchmark for the current reporting period.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The own source operating revenue ratio of 42.90 per cent is relatively consistent with the prior year (43.7 per cent).

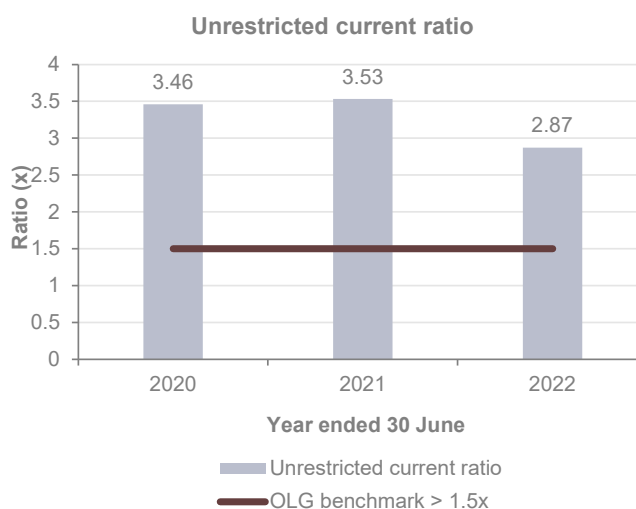


### Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

The unrestricted current ratio of 2.87 per cent is relatively consistent with the prior year (3.53 per cent).

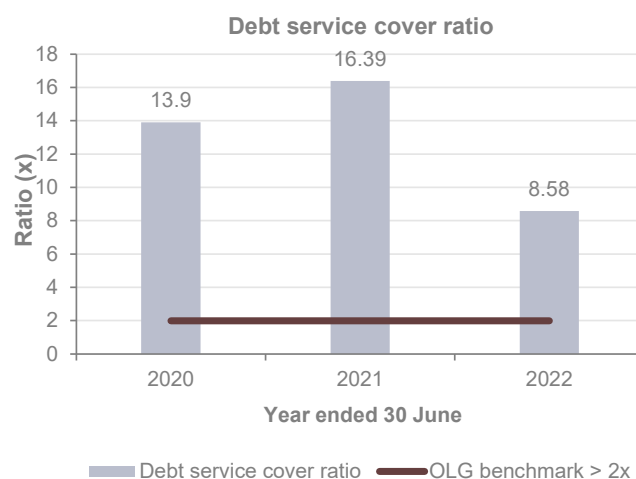


### Debt service cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

Council's debt service cover ratio decreased to 8.58 times (2021: 16.39 times) due to no new loans being entered during the year.

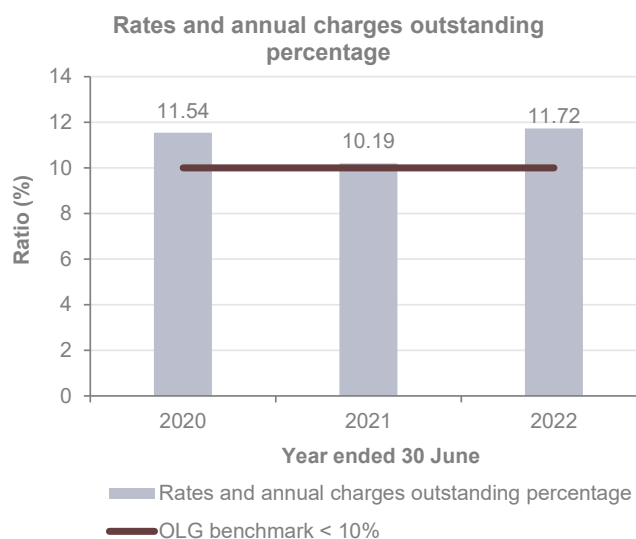


### Rates and annual charges outstanding percentage

The Council did not meet the OLG benchmark for the current reporting period.

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

The Council's rates and annual charges outstanding percentage has increased due to the increase in rates and annual charges outstanding in 2021–22.

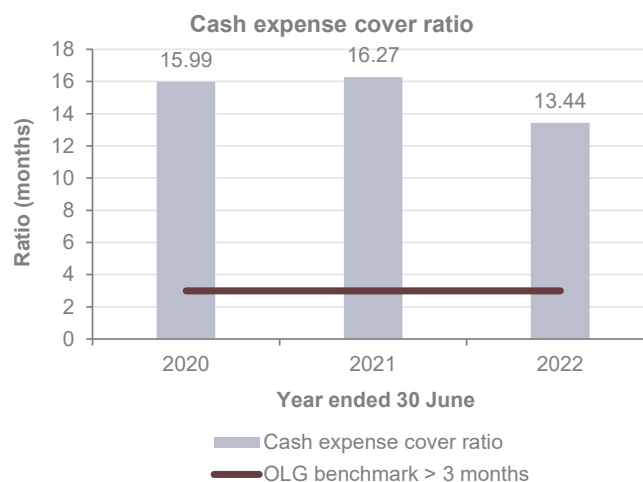


### Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The cash expense cover ratio has decreased due to decrease in cash and cash equivalent and investments by \$4.3 million.



### Infrastructure, property, plant and equipment renewals

The Council renewed \$15.1 million of assets in the 2021–22 financial year, compared to \$12.5 million of assets in the 2020–21 financial year. The increase is largely due to increase in renewals on roads and bridges.

## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was not recognised in the financial statements.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

*D Mobilia*

Daniel Mobilia  
Delegate of the Auditor-General for New South Wales

cc: Mr Terry Dodds, General Manager  
Mr Richard Ham, Audit, Risk and Improvement Committee Chair  
Mr Stephen Fernando, Director of Corporate Services  
Mr Kris Kershaw, Finance Manager  
Mr Michael Cassel, Secretary of the Department of Planning and Environment





FINANCIAL AUDIT

13 JUNE 2023

# Local Government 2022

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT



## THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



GPO Box 12  
Sydney NSW 2001

The Legislative Assembly  
Parliament House  
Sydney NSW 2000

The Legislative Council  
Parliament House  
Sydney NSW 2000

In accordance with section 421D of the *Local Government Act 1993*,  
I present a report titled '**Local Government 2022**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

**Margaret Crawford PSM**

Auditor-General for New South Wales  
13 June 2023

© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales. The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.





## RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

# contents

## Local Government 2022

Auditor-General's foreword	1
<b>Section one – Local Government 2022</b>	
Introduction	5
Audit results	10
Key audit findings	24
<b>Section two – Appendices</b>	
Appendix one – Response from the Office of Local Government within the Department of Planning and Environment	57
Appendix two – Status of audits	59
Appendix three – Councils received qualified audit opinions	65
Appendix four – Common reasons for council extensions	68

---

## Auditor-General's foreword

Pursuant to the *Local Government Act 1993* I am pleased to present my Auditor-General's report on Local Government 2022. My report provides the results of the 2021–22 financial audits of 126 councils, 11 joint organisations and nine county councils. The audits for two councils and two joint organisations are in progress due to significant accounting issues.

Unqualified audit opinions were issued for 83 councils, 11 joint organisations and nine county councils' 2021–22 financial statements. The statements for 43 councils were qualified due to non-recognition of rural firefighting equipment vested under section 119 (2) of the *Rural Fires Act 1997*. And the audit opinion on Kiama Municipal Council's 30 June 2021 financial statements was disclaimed due to deficiencies in books and records.

This year has again been challenging for many New South Wales local councils still recovering from the impact of emergency events and facing cost and resourcing pressures. We appreciate the efforts of council staff and management in meeting their financial reporting obligations. We share a mutual interest in raising the standard of financial management in this sector, and the importance of accurate and transparent reporting.

Disappointingly, accounting for the value of rural firefighting equipment vested in councils continued to be an unnecessary distraction and resulted in 43 councils having their financial statements qualified. We continue to recommend that the Office of Local Government should intervene where councils fail to comply with Australian Accounting Standards by not recognising assets vested to them under section 119(2) of the *Rural Fires Act 1997*.

Sound financial management is critical to councils' ability to instil trust and properly serve their communities. The recommendations in this report are intended to further improve their financial management and reporting capability, and encourage sound governance arrangements and cyber resilience. I am committed to continuing this work with councils in the 2022–23 year and beyond.

Margaret Crawford PSM  
Auditor-General for New South Wales

## Planning and managing bushfire equipment

This [Planning and managing bushfire equipment](#) audit assessed the effectiveness of the NSW Rural Fire Service (RFS) and local councils in planning and managing equipment for bushfire prevention, mitigation, and suppression.

We found that the RFS has focused its fleet development activity on modernising and improving the safety of its firefighting fleet, and on the purchase of new firefighting aircraft. There is limited evidence that the RFS has undertaken strategic fleet planning or assessment of the capability of the firefighting fleet to respond to current bushfire events or emerging fire risks. The RFS does not have an overarching strategy to guide its planning, procurement, or distribution of the firefighting fleet. The RFS does not have effective oversight of fleet maintenance activity across the State, and is not ensuring the accuracy of District Service Agreements with local councils, where maintenance responsibilities are described.

We recommended that by December 2023, the Rural Fire Service should:

- develop a fleet enhancement framework and strategy that is informed by an assessment of current fleet capability, and research into appropriate technologies to respond to emerging fire risks
- develop performance measures to assess the performance and capabilities of the fleet in each RFS District by recording and publicly reporting on fire response times, fire response outcomes, and completions of fire hazard reduction works
- report annually on fleet allocations to RFS Districts, and identify the ways in which fleet resources align with district-level fire risks
- develop a strategy to ensure that local brigade volunteers are adequate in numbers and appropriately trained to operate fleet appliances in RFS Districts where they are required
- establish a fleet maintenance framework to ensure regular update of District Service Agreements with local councils
- review and improve processes for timely recording of fleet asset movements, locations, and maintenance status.

## Cyber Security NSW: governance, roles and responsibilities

Cyber Security NSW is part of the Department of Customer Service, and aims to provide the NSW Government with an integrated approach to preventing and responding to cyber security threats.

This [Cyber Security NSW: governance, roles and responsibilities](#) audit assessed the effectiveness of Cyber Security NSW's arrangements in contributing to the NSW Government's commitments under the NSW Cyber Security Strategy, in particular, increasing the NSW Government's cyber resiliency. The audit asked:

- Are internal planning and governance processes in place to support Cyber Security NSW meet its objectives?
- Are Cyber Security NSW's roles and responsibilities defined and understood across the public sector?

We recommended the Department of Customer Service, by 30 June 2023, should:

- implement an approach that provides reasonable assurance that NSW government agencies are assessing and reporting their compliance with the NSW Government Cyber Security Policy in a manner that is consistent and accurate
- ensure that Cyber Security NSW has a strategic plan that clearly demonstrates how the functions and services provided by Cyber Security NSW contribute to meeting its purpose and achieving NSW government outcomes
- ensure that Cyber Security NSW has a detailed, complete and accessible catalogue of services available to agencies and councils
- develop a comprehensive engagement strategy and plan for the local government sector, including councils, government bodies, and other relevant stakeholders.

---

## 2. Audit results

Financial reporting is an important element of good governance. Confidence in and transparency of public sector decision-making are enhanced when financial reporting is accurate and timely.

This chapter outlines audit observations related to the financial reporting audit results of councils and joint organisations.

### Section highlights

- Ninety-three councils and joint organisations (2020–21: 109) lodged audited financial statements with OLG by the statutory deadline of 31 October.
- More councils received extensions. Fifty-seven councils and joint organisations (2020–21: 41) received extensions to submit audited financial statements to OLG.
- Unqualified audit opinions were issued for 83 councils, 11 joint organisations and nine county councils 2021–22 financial statements.
- A disclaimer of audit opinion was issued to Kiama Municipal Council relating to the 30 June 2021 financial statements.
- The audits of two councils and two joint organisations are still in progress as at the date of this report due to significant accounting issues.
- Qualified audit opinions were issued for 43 councils (2020–21: one) due to non-recognition of rural firefighting equipment vested to councils under the *Rural Fires Act 1997* in their financial statements. Forty-seven councils appropriately recognised this equipment.
- Since 2017, the Audit Office of New South Wales has recommended that OLG address the different practices across the local government sector in accounting for the rural firefighting equipment. Despite repeated recommendations, the OLG has not been effective in resolving this issue.
- The OLG within the department should now intervene where councils do not recognise rural firefighting equipment.
- The total number of errors and total dollar values (including corrected and uncorrected) in the financial statements decreased compared to prior year.
- Eighty-two per cent of councils performed some early financial reporting procedures (2020–21: 59%). We continue to recommend that OLG should require early close procedures across the local government sector.

**The department should intervene to assess councils' compliance with legislative responsibilities, standards and guidelines**

The financial statements of the NSW Total State Sector and the NSW Rural Fire Service do not include rural firefighting equipment that has been vested to councils under section 119(2) of the Rural Fires Act. The State Government has reconfirmed its view that rural firefighting equipment vested to councils under Section 119(2) of the Rural Fires Act is not controlled by the State. In reaching this conclusion, the State argued that on balance it would appear the councils control the rural firefighting equipment that has been vested to them. It is important to note that there are only two parties to the agreements that govern the use of vested rural firefighting equipment, leaving only two parties who would be considered to control this equipment – the NSW Rural Fire Service in the State sector, or councils in the local government sector.

Since 2017, the Audit Office has recommended that the Office of Local Government (OLG) and then the Department of Planning and Environment (the department) address the differing practices across the local government sector in accounting for rural firefighting equipment. In doing so, the Audit Office recommended that OLG should work with NSW Treasury to ensure there is a whole-of-government approach.

In 2021, having again considered the accounting position papers prepared by the respective stakeholders, the Audit Office of New South Wales advised councils and the department that any council not recognising this equipment is not complying with the requirements of the Australian Accounting Standards. We recommended that the department intervene when councils do not recognise vested rural firefighting equipment.

The department's role includes assessing whether intervention is appropriate with respect to councils' compliance with, and performance against legislative responsibilities, standards or guidelines. Given the law and the State's clear position, it would appear that any council not recognising this equipment is non-compliant with the relevant Australian Accounting Standards.

Despite these repeated recommendations in our 'Local Government 2021' and 'Planning and Environment 2022' Auditor-General's reports, the department has not been effective in resolving this issue. Forty-three of 146 completed audits of councils received qualified audit opinions on their 2022 financial statements. Sufficient time and engagement have been afforded to avoid these qualified audit opinions. This situation is unlikely to be resolved in the absence of regulatory intervention.

The department should now intervene to address this matter as a priority.

**Recommendation to the department (repeat issue)**

**Consistent with the NSW Government's accounting position on control of vested rural firefighting equipment and the department's role to assess councils' compliance with legislative responsibilities, standards or guidelines, the department should intervene where councils do not recognise rural firefighting equipment vested to them under section 119(2) of the Rural Fires Act.**

Recommendations to the department	Current status	
<b>The department should intervene where councils do not recognise rural firefighting equipment</b>		
Consistent with the department's role to assess council's compliance with legislative responsibilities, standards or guidelines, the department should intervene where councils do not recognise rural firefighting equipment.	<p><b>We continue to recommend that the department should intervene where councils do not recognise vested rural firefighting equipment (repeat recommendation)</b></p> <p>Since 2017, the Audit Office has recommended that the OLG and then the department address the different practices across the local government sector in accounting for rural firefighting equipment. In doing so, the Audit Office recommended that OLG should work with NSW Treasury to ensure there is a whole-of-government approach. NSW Treasury has articulated and communicated its clear position.</p> <p>In 2021, the Audit Office of New South Wales advised councils and the department that not recognising this equipment is non-compliant with the Australian Accounting Standards. We recommended that the department should intervene when councils do not recognise rural firefighting equipment.</p> <p>It is the department's role to assess whether intervention is appropriate with respect to councils' compliance with and performance against legislative responsibilities, standards or guidelines.</p> <p>Despite these repeated recommendations in our 'Local Government 2021' and 'Planning and Environment 2022' Auditor-General's reports, the department has not been effective in resolving this issue. Forty-three of 146 completed audits of councils received qualified audit opinions on their 2022 financial statements in relation to this issue.</p> <p>It is our view that this situation is unlikely to be resolved in the absence of regulatory intervention and the department should now intervene to address this matter as a priority.</p> <p>Refer to Section 2.1 for further information on this issue.</p>	Not addressed
<b>Early close procedures</b>		
OLG should require early close procedures across the local government sector by 30 April 2023.	<p><b>We continue to recommend that OLG consider requiring early close procedures across the local government sector (repeat recommendation)</b></p> <p>Potential policy requirements requiring early close procedures have not been discussed with key stakeholders, nor have requirements to perform early close procedures been communicated by OLG to councils and joint organisations as at the date of this report.</p>	Not addressed

## Appendix three – Councils received qualified audit opinions

No.	Council	Qualification
1.	Bathurst Regional Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
2.	Bega Valley Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
3.	Bellingen Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
4.	Byron Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
5.	Cabonne Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
6.	Carrathool Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
7.	Cessnock City Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
8.	Coolamon Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
9.	Dungog Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
10.	Edward River Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
11.	Federation Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
12.	Forbes Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
13.	Greater Hume Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
14.	Griffith City Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
15.	Hilltops Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
16.	Kempsey Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
17.	Lachlan Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
18.	Leeton Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
19.	Lockhart Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
20.	Mid-Western Regional Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)




No.	Council	Qualification
21.	Moree Plains Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
22.	Murray River Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
23.	Murrumbidgee Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
24.	Queanbeyan-Palerang Regional Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
25.	Snowy Monaro Regional Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
26.	Sutherland Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
27.	Tamworth Regional Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
28.	Temora Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
29.	Tweed Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
30.	Upper Lachlan Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
31.	Wagga Wagga City Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
32.	Weddin Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
33.	Wollondilly Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
34.	Glen Innes Severn Council	Non-recognition of rural firefighting equipment and buildings on council controlled land (and no evidence to support fair value)
35.	Junee Shire Council	Non-recognition of rural firefighting equipment and buildings on council controlled land (and no evidence to support fair value)
36.	Snowy Valleys Council	Non-recognition of rural firefighting equipment and buildings on council controlled land (and no evidence to support fair value)
37.	Blayney Shire Council	Non recognition of rural firefighting equipment (and evidence to support fair value exceeds materiality set for the audit)
38.	Tenterfield Shire Council	Non recognition of rural firefighting equipment and buildings on council controlled land (and evidence to support fair value exceeds materiality set for the audit)
39.	Warrumbungle Shire Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value) and Council determined to remove rural firefighting equipment from financial statements
40.	Bland Shire Council	Non-recognition of rural firefighting equipment and buildings (and no evidence to support fair value) and Council determined to remove rural firefighting equipment from financial statements

No.	Council	Qualification
41.	Yass Valley Council	Non-recognition of rural firefighting equipment (and no evidence to support fair value)
42.	Cootamundra-Gundagai Regional Council	Non-recognition of rural firefighting equipment and buildings on council controlled land (and no evidence to support fair value)
43.	Clarence Valley Council	Non recognition of rural firefighting equipment (and evidence to support fair value exceeds audit overall materiality)

## Attachment 4 - OLG Letter to Another Council

Strengthening local government



**Office of  
Local Government**

Our Reference: A862438  
Contact: Sarah Gubb  
Phone: 02 4428 4142

5 O'Keeffe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

[Redacted]  
General Manager  
[Redacted]

Via email [Redacted]

Dear [Redacted]

I am writing to draw your attention to the qualified audit opinion issued by the NSW Audit Office following the audit of Council's 2021-22 financial statements.

The Auditor General has chosen to qualify the audits of those councils that have not included Rural Fire Service (RFS) assets based on her opinion that failure to include these assets is not compliant with the Australian Accounting Standards.

The opinion also states that Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets or performed procedures to identify the value of RFS assets vested in it during the year.

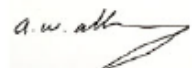
An unqualified audit opinion is a fundamental function of councils and failure to meet this requirement can be an indicator of poor financial management and council governance.

In order to satisfy the Office of Local Government (OLG) that Council will address the qualified audit opinion it is requested that Council provide OLG with:

- the strategies implemented to address the qualified audit opinion and address any significant audit risks raised; and
- a copy of the Audit Office's 2021-22 management letter and Council's response.

It would be appreciated if Council could provide the requested information prior to 28 July 2023.

Yours sincerely

  
**Ashley Albury**  
A/Deputy Secretary, Local Government

Attachment 6 – Local Government President’s Message NSWNews 5 July 2023.

Viewed: 12 July 2023

<https://www.lgnsw.org.au/Public/Public/News/President-Message/2023/PM070423.aspx>

Share this page



5 July 2023

! V6D 3/8[P í ï v≤ D⊕D[ ! @  
í D M D [

You may notice we’ve had a bit of a facelift here at the Weekly and on our website!

After 10 years we thought it was time to freshen up our look, ensuring our digital communications are compliant with best practice and as accessible as possible while avoiding any expensive rebranding process.

Rest assured that other than minor tweaks to our corporate colours and fonts, there’ll be no change: LGNSW’s second decade continues with the same brand, same services, and same commitment to members as always!

## **NAIDOCweek (2 July to 9 July)**

Congratulations to the many councils right across NSW partnering with First Nations communities to mark NAIDOCweek this week, celebrating and recognising the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.

The 2023 NAIDOCweek theme is [For Our Elders](#), highlighting the important role of Elders as cultural knowledge holders and leaders for their communities.

I was very pleased to meet with [Gr Pat Dixon Memorial Scholarship](#) Trustees earlier this week to consider applications for 2023 scholarships for Aboriginal or Torres Strait Islander councillors and council staff, and I look forward to having more to say on this year's recipients soon.

## **LGNSWonline forum this Thursday – Voice to Parliament**

Thank you all who have registered for the [LGNSWonline forum](#) this Thursday on the Voice to Parliament.

Please join me in hearing from speakers such as the Hon Linda Burney MP (Minister for Indigenous Australians), Professor Megan Davis (Pro Vice-Chancellor Indigenous UNSW and Professor of Law, UNSW), Gr Esma Livermore (Deputy Mayor, Queanbeyan-Palerang Regional Council) and Gr Darcy Byrne (Mayor, Inner West Council)

The forum will provide you with an opportunity to hear about the upcoming referendum on the Voice to Parliament and ask any questions you may have.

## **Water Management Conference**

Thank you, too, to all delegates who attended the LGNSW Water Management Conference in Parkes last week, discussing the latest technical innovations and best practice in water governance and management.

Among all other terrific speakers, it was great to have the Minister for Water, Rose Jackson MLC, and the Shadow Minister for Water, Steph Cooke MP, address delegates and express their commitment to councils' Local Water Utilities.

The shared commitment to close consultation with the local government sector is particularly welcome, particularly in light of the NSW Government's foreshadowed parliamentary inquiry into how best to safeguard and support local water utilities.

### **RFS mobile assets ('red fleet') update**

I was extremely disappointed to learn of the letters the Office of Local Government (OLG) has been sending to councils last week, regarding qualified audits these councils have received as a result of red fleet matter.

Many councils have taken the principled and professional decision not to recognise red fleet assets in their financial statements as councils have no control over the acquisition, deployment or disposal of these assets, and LGNSW supports these councils in this decision.

While the Auditor-General's qualified audits of these councils is disappointing, it is especially disappointing that contrary to its previous position the OLG is now asking councils across NSW to divert already strained council resources to provide OLG with information on strategies to respond to the nonsensical position that RFS mobile assets are not assets of the RFS.

This diversion of resources will distract councils from their core work for the community and will not provide a single ounce of public benefit.

LGNSW has written to the OLG strongly urging the OLG to reconsider its position on this matter, and highlighting the independent advice the OLG sought that directly contradicts the position the Auditor-General and OLG are now taking. Read the [LGNSW letter here](#).

### **Audit costs for local government**

I wrote last week to the Auditor-General raising concern at the significantly increased audit fees being imposed on councils this year.

Since the NSW Audit Office became the auditor for all NSW councils in 2018, the baseline costs of audits have continued to increase.

In the context of significant cost pressures on councils this year, a number of councils have raised with me the unsustainable audit fee increases they are receiving that are well in excess of CPI and far beyond the baseline local government rate peg of 3.7% for 2023-24. I have seen examples of fees increased by more than 100% year-on-year.

At the 2022 LGNSW Annual Conference, councils resolved to support a motion from Bega Valley Shire Council calling on the NSW Government to cover the full costs of audits for local governments in our State. I have also written to the NSW Government to highlight this resolution and will keep you updated once a response is received.

## Federal funding – good news for local government

I was very pleased to see two items of good news for councils confirmed in the past week, supported by advocacy from LGNSW councils across NSW and the Australian Local Government Association.

The Federal Government has announced the [advance payment](#) of the preliminary 2023-24 **Financial Assistance Grants** will represent about 100% of the amount council is entitled to. These funds should be in council accounts now, which is good news especially for councils that have anticipated and developed their budgets based on previous arrangements that have included this prepayment.

I was also very pleased to see the Federal Government announce it would fast track \$888 million in **Disaster Recovery Funding Arrangements** (DRFA) in NSW, which will support councils to speed up their recovery and restoration efforts after a very challenging period of compounding disasters in recent years.

Under the DRFA, payments are generally made after a State has submitted an audited claim for financial assistance and following reconstruction works. This advance payment will mean more up front support for councils and the communities they support as they recover from disasters.

We look forward to the NSW Government acting to remove any obstacles to these funds getting to where they are needed.

Sincerely,



**LOCAL GOVERNMENT NSW**

Level 8, 28 Margaret Street Sydney NSW 2000

02 9242 4000

[lgnsw.org.au](http://lgnsw.org.au)



Taken from [BILL TO TRANSFER RFS 'RED FLEET' OWNERSHIP TO STATE GOVERNMENT | Adam Marshall](#)

Date Downloaded: 12 July 2023

## BILL TO TRANSFER RFS 'RED FLEET' OWNERSHIP TO STATE GOVERNMENT



*Photo caption: Taking a stand to transfer ownership of NSW Rural Fire Services fleet and buildings to the State Government, Uralla Shire Mayor Robert Bell, left, Northern Tablelands MP Adam Marshall, Glen Innes Severn Mayor Rob Banham and Walcha Mayor Eric Noakes at the Kentucky RFS station today.*

Monday, 19 June 2023

MEMBER for Northern Tablelands Adam Marshall will introduce a Private Members' Bill into State Parliament this week, amending the Rural Fires Act 1997, to transfer the ownership of NSW Rural Fire Service (RFS) vehicles, fire trucks and buildings from local councils back to the State Government.

Mr Marshall made the announcement today at the Kentucky RFS station alongside the region's Mayors, who have put their support behind the NSW Rural Fires Amendment (Red Fleet) Bill 2023.

"The 'red fleet dispute' has been an ongoing debacle – a political football – over the last 12 months between the State Government and local councils over who own and pays for RFS assets," Mr Marshall said.



“My Bill will remedy the situation, bringing the argy-bargy to an end by making it clear that RFS assets belong to, and should be accounted for by, the State Government, via the NSW Rural Fire Service.

“This will bring the treatment of all these items inline with how the vehicle and building assets of all other emergency services in NSW are accounted for and remove an enormous and ridiculous cost burden from our local councils.

“Why should a local councils use ratepayer dollars to account for a depreciate an ‘asset’ which they do not purchase, manage or have the authority to dispose of?

“And why do councils legally own these vehicles but not police cars or Fire & Rescue NSW pumpers?”

Mr Marshall said his Bill would amend Section 119 of the Rural Fires Act 1997 to transfer the ownership of all NSW Rural Fire Service vehicles and buildings to the NSW Rural Fire Service.

“This will ensure these assets are vested solely with the RFS, which will be required to account for these assets, and the associated depreciation and costs, on its books,” Mr Marshall said.

“Currently the NSW Auditor General requires all local councils to do this, costing them a small fortune, or risk having their accounts qualified.

“Last year 43 local councils had their accounts qualified for the 2021/22 financial year due to them not accounting for and depreciating all RFS assets in their local government areas on their books.

“The depreciation costs alone, cost each council and their ratepayers hundreds of thousands of dollars, which is money which could be better spent delivering services or fixing local roads.

“In the Northern Tablelands, more than \$4 million annually would be saved if this Bill were to pass the Parliament.

“In essence, this Bill reverses a huge and archaic cost-shifting anomaly buried deep within the Act and puts the full cost back on the level of government responsible for the RFS; the State Government.

“There has been so much talk lately of the financial sustainability of local councils moving into the future, so this Bill has come at a perfect time.

“I hope the government and opposition support my Bill so we can resolve this dispute once and for all.”

**5.6 2022-23 INTERIM AUDIT MANAGEMENT LETTER**

**File Number:** -  
**Author:** Kris Kershaw, Manager Finance  
**Authoriser:** Stephen Fernando, Director Corporate Services

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Receive and note the report.

**DISCUSSION**

This report is provided to ARIC to update it on the 2022/23 Interim Management Letter.

There is no need to issue Council with an interim letter, as per the email below. There are no new high risk issues and no prior year issues increasing to risk rating of High.

Some issues as outlined in previous management letters (and listed as part of the Audit Action list) remain under action. They will be reviewed during the final audit (for completeness) in October 2023 and Council will be issued a final management letter at that time.

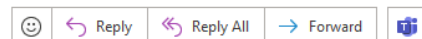
Note that Audit Office of NSW still hasn't finalised the interim audit for MRC (referenced in email below).

RE: Update on Interim Audit



Christy Tan <Christy.Tan@crowe.com.au>

To: Kris Kershaw  
Cc: Jason Gilbert



Tue 1/08/2023 4:

Follow up. Completed on Wednesday, 2 August 2023.

You replied to this message on 2/08/2023 8:58 AM.

[Click here to download pictures.](#) To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Hi Kris,

I'm well. Hope you are well too.

The NSWAO is still reviewing the interim audit file.

As discussed during interim audit, there will be no interim management letter as there is no new high risk MLP and no prior year MLP increasing risk rating to "high

Are you still happy with this approach?

Kind regards,

**Christy Tan**  
Assistant Manager - External Audit



Crowe Australasia, an affiliate of Findex  
Findex (Aust) Pty Ltd ABN 84 006 466 351

**ATTACHMENTS**

Nil

**5.7 DEVELOPER CONTRIBUTIONS****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Audit and Risk Committee:

1. Receive the report

**DISCUSSION**

Out of the minutes from the 24 April 2023 ARIC meeting, the following action request was made:

**ACTION: Council develop a process/procedure for payment of Development Contributions**

**ACTION: Finance Manager to report back to next ARIC meeting the number and dollar value of outstanding Developer Contributions in Account Receivable.**

This report provides a response to these action items.

When it comes to Developer Contributions:

1. these are generated as a quote after the DA is approved and before the Construction Certificate is issued.
2. Upon acceptance of the quote by the applicant, the quote is issued as an Application Invoice (see attached example). This invoice is created in the Authority module Development Application.
3. At the same time as 2 above is done, the Planning team notify Finance, who raise an invoice in the Tech 1 Accounts Receivable module as an invoice. Unfortunately, the two systems (Tech 1 and Authority) do not directly “talk” to each other, and development applications is not yet in the Tech 1 system as a module. Raising it in Accounts Receivable in Tech 1 also records the revenue amounts in the Income Statement.
4. Once the invoice is issued, it is required to be paid within 7 days from the date of the invoice (as per the Application Invoice). Council planning officers keep track of contributions paid/not paid.

At the time of this report (31 July 2023), there was \$nil outstanding developer contributions raised in Accounts Receivable.

**ATTACHMENTS**

1. **Application Invoice Example**  



PO Box 906  
MOAMA NSW 2731  
p 1300 087 004  
f 03 5884 3417  
e admin@murrayriver.nsw.gov.au  
w www.murrayriver.nsw.gov.au  
ABN 30 308 161 484

## Application Invoice

Invoice No. : **10,654**

Invoice Date : **15/06/2023**

Bill To:

~~XXXXXXXXXXXXXXXXXXXX~~

Prepared By:

Kellie Richmond

### Details

15.2020.339.2  
Subdivision Certificate  
Maidens Green - Stage 2 - 23 Lot Torrens Title  
Subdivision  
Mayflower Drive Moama NSW 2731  
DA 10.2020.339.1 -(CFT-337411)

GST Amt Inc. GST

C7_SC	Subdivision Certificate	\$0.00	\$1,120.00
E15	S64 - Sewer	\$0.00	\$33,842.20
E16	S64 - Water	\$0.00	\$80,580.73
E01	S7.11 - Road Upgrade (Murray)	\$0.00	\$43,175.60
E02	S7.11 - Open Space (Murray)	\$0.00	\$10,821.04
E03	S7.11 - Community Facilities (Murray)	\$0.00	\$3,799.60
E04	S7.11 - Waste (Murray)	\$0.00	\$7,213.95
E05	S7.11 - Stormwater (Murray)	\$0.00	\$10,821.04

**Total** **\$0.00** **\$191,374.16**

### Payment can be made by the following methods

Your Reference # for payment is : **15.2020.339.2**

Via EFT to:

Account Name: Murray River Council

BSB: 082572

Account: 628523528

Customer Service Centre: - 1300 087 004

For credit card payments over phone to Customer Service Staff, you must have your above reference #.

If you visit one of Councils four Office's, you must have your above reference #.

All payments strictly 7 days from the date of this invoice.

**5.8 DRAFT BUDGET POLICY****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Audit and Risk Committee:

1. Receive and review the draft Budget Policy.
2. Make recommendation(s) on the Policy for inclusion in the report to the August 2023 Council Ordinary Meeting.

**DISCUSSION**

The Budget Policy has been developed as a result of completing of the actions in the 2021/22 final management letter, issued by the Audit Office of NSW. See point 5 below.

Our insights inform and challenge government to improve outcomes for citizens


**Summary of issues**

Issue	Detail	Likelihood	Consequence	Risk assessment
<b>Prior year matters not resolved by management</b>				
1	<u>Rural fire-fighting assets not recognised in the financial statements</u>	Almost Certain	High	❗ High
2	<u>Financial statement close process and audit readiness</u>	Likely	High	❗ High
3	<u>Management of infrastructure, property, plant and equipment</u>	Likely	High	❗ High
4	<u>Fair value and impairment assessment – infrastructure, property, plant &amp; equipment</u>	Likely	High	❗ High
5	<u>Policy for budget variation</u>	Likely	Medium	⚠ Moderate
6	<u>Access to Programs and Data</u>	Possible	High	⚠ Moderate
7	<u>Council's asset register maintained in spreadsheet and not completely reconciled</u>	Likely	Medium	⚠ Moderate
<b>Current year matters</b>				
1	Nil			

Our insights inform and challenge government to improve outcomes for citizens



## Issue 5: Policy for budget variation

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Likely	Medium	No	Operational	 Moderate

### Observation

During our review of capital expenditure against budget, we noted that there was a budget variation for one of the capital projects. Capital budget movements are either approved as part of the quarterly budget review process or reported to the monthly Council meeting. However, Council did not have a formally documented policy for approval of any budget variations as at December 2022.

### Implications

The absence of a capital expenditure budget variation policy will increase the risk of approving projects that don't have adequate governance processes applied.

### Recommendation

We recommend Council prepare and adopt a capital expenditure budget variation policy to ensure any budget variation is in line with Council's defined risk appetite and required protocols.

### Management response

Agree

Action:	Person responsible:	Date to be actioned:
Establish a revised budget policy that encompasses capital budgeting and variations.	Manager Finance, Kris Kershaw	30 April 2022

The policy is put to the ARIC committee for review and for the committee members to provide feedback prior to the policy going to Council. The report that will go to Council will request that the policy be placed on public exhibition for 28 days. The report is scheduled to go to the August 2023 Council Ordinary Meeting with a final adoption of the policy scheduled for the October 2023 Council Ordinary Meeting.

The policy is a new policy and has been developed in consultation with the relevant legislation, regulations and with assistance from other NSW Councils who have a similar policy in place. The policy covers off on the annual budget preparation process, the quarterly budget review process, reporting requirements, and the overall responsibilities of Council staff in the preparation and management of the budget.

## ATTACHMENTS

1. Draft Budget Policy [↓](#) 

MURRAY RIVER COUNCIL  
COUNCIL POLICY

**DRAFT**  
**BUDGET POLICY**

POL-2XX.V#1





## 1. INTRODUCTION

Budgets are used to prioritise funding, support decision making, set financial controls and monitor financial performance. All these requirements are communicated internally and externally under the Integrated Planning and Reporting (IP&R) framework.

All NSW Councils are required to deliver their operations based on the IP&R framework. This framework includes the Community Strategic Plan (CSP), the Delivery Plan and Operational Plan (hereafter referred to as the Budget).

One of the key criteria to measure success of the Delivery Plan is the budget, and four (4) of the ways to measure the success of the annual budget is:

1. Set Key Performance Indicators (KPI) and implement processes to measure against the KPI.
2. Ensure budgets are prepared and adopted within statutory timeframes.
3. Ensure capital projects are delivered within budget.
4. Reporting to Council through the Quarterly Budget Review process (QBR).

s203(1) of the Regulations requires a council's Responsible Accounting Officer (RAO) to prepare and submit a quarterly budget review statement to the governing body of council.

## 2. OBJECTIVES

The objective of this Policy is to achieve a clear direction on overall budget management and reporting, namely:

1. Provide more certainty about the roles, responsibilities, and process for preparing, approving, and amending the Operational Plan budget (hereafter referred to as annual budget).
2. Ensure that Murray River Council executive team is to be informed of its financial position monthly.
3. Ensure that budget variations are considered on a quarterly basis (minimum) and any variations align to current CSP and Delivery Plan objectives.
4. Maintain financial sustainability by ensuring that Council is kept informed of Council's current and long term financial outlook.
5. Ensure compliance with applicable Acts and Regulations, as well as ensure Council Officers comply with approved budget allocations as resolved by Council.

## 3. SCOPE

The policy applies to all Council Officers who are delegated responsibility to set and manage budgets.

## 4. LEGISLATION

- ▶ Local Government Act 1993 (NSW) (the Act).
- ▶ Local Government (General) Regulation 2021 (NSW) (the Regulation).

## 5. POLICY STATEMENT

### 5.1 Delegation of Authority

- 5.1.1 Authority for the implementation of this Policy is delegated by Council to the Chief Executive Officer (CEO). 5.1.2 The CEO shall ensure that Council Officers are delegated the necessary authority for them to fulfill their responsibilities and such delegations are noted in the Register of Delegations. The



CEO shall also ensure that delegated Council Officers receive and acknowledge the receipt of a copy of this Policy.

- 5.1.3 Council Officers must also act in accordance with the Statement of Business Ethics Policy and the Fraud and Corruption Policy of Council.
- 5.1.4 Any external contractors/consultants who has or may have an impact on Council's budgeting process shall be considered Council Officers under this Policy, and any contractual arrangements shall obligate such contractors/consultants to abide by the requirements of this Policy.

## **5.2 Responsible Accounting Officer**

- 5.2.1 The Responsible Accounting Officer (RAO) is defined as the Council Officer responsible for managing and coordinating the preparation of the annual budget and reporting of any budget variances through the QBR.

- 5.2.2 As per s202 of the Regulation:

*The responsible accounting officer of a council must:*

*(a) establish and maintain a system of budgetary control that will enable the council's actual income and expenditure to be monitored each month and to be compared with the estimate of the council's income and expenditure, and*

*(b) if any instance arises where the actual income or expenditure of the council is materially different from its estimated income or expenditure, report the instance to the next meeting of the council.*

- 5.2.3 The RAO responsible for Council's overall budget shall be appointed by the CEO, through an instrument of delegation.

## **5.3 Guidelines of the Budget Management and Reporting Policy**

- 5.3.1 The following guidelines have been set to provide a clear framework for management and staff to follow when setting and reviewing budgets:
- Establishing and monitoring of a budget is the responsibility of those Council Officers delegated with management of department budgets.
  - A business case is required for all capital projects. Capital projects must adhere to Council's Asset Accounting Policy.
  - A business case is required for operational projects considered as one-off high-value or high-risk projects with a risk rating of greater than 10, as defined under Council's risk matrix. The financial threshold for operational projects shall be set by the CEO from time to time.
  - All Council plans should be considered when preparing the annual budget and subsequent quarterly reviews. This includes alignment to plans such as the long term financial plan, asset management plan and workforce management plan.
  - Budget preparation and review must be undertaken within the establish timeframes, as set by the RAO.
  - All funding sources need to be considered when setting and reviewing budgets and expenditure budgets must be accompanied by how they are to be funded.
  - Borrowing as a source of funding must be for capital projects only and take into consideration

Council's debt servicing ratio and current loan servicing requirements. Borrowings must also comply with Council's Loan Borrowing Policy.

- h. In the minimum, an annual review to be undertaken of all fees and charges to ensure Council achieves cost-recovery, where permitted to do so.
- i. Council Officers must follow the guidelines provided through the budget preparation process in relation to the carrying-on and carrying-forward of expenditure associated with projects included in the budget from the previous financial year.
- j. Council's stance is to have a balanced or surplus budget position or move towards such a position during the financial year if it starts with a budget deficit for the financial year. This ensures Council has the main aim of being financially sustainable over the longer term.
- k. The scope and threshold limits associated with reporting variations to Council for approval is as follows:
  - i. Reporting on budget variances to Council meetings shall clearly identify the variance threshold above which individual variances are being reported. Variances below the identified limit will be reported as a summary amount.
  - ii. Capital adjustments will be listed individually regardless of the net movement amount.
  - iii. Reserve movements will be listed individually regardless of the net movement amount.

#### **5.4 Budget Coordination**

5.4.1 This policy and overall responsibility of coordinating the annual budget and QBRs resides with the RAO.

5.4.2 Coordination is expected to include the following:

- a. Ensuring Council meets all legislative requirements.
- b. Application of this policy in all budget processes.
- c. Establishing annual and quarterly budget timelines, and communication of these timelines to all Council Officers.
- d. Ensuring Council Officers are aware of their responsibilities for budget preparation and review.
- e. Capturing of budget and budget revision information and associated budget workpapers and business case documentation.
- f. Providing assistance and advice to Council Officers as requested.

#### **5.5 Annual Budget Setting**

5.5.1 Council Officers are required to submit an annual budget for the future financial year to the within the prescribed timeline in keeping with budget preparation procedures and are to include all supporting workpapers associated with setting the budget.

5.5.2 The annual budget process will also include a review of all fees and charges.

5.5.4 Council is to approve the Budget by resolution after a period of 28 days public consultation, as required under 4.25 of the Integrated Planning & Reporting Handbook. The final Council approval must be no later than 30 June of each financial year.

5.5.5 Council's stance is to have a balanced or surplus budget or move towards such a position during the financial year if it starts with a budget deficit for the financial year.

5.5.6 Key Performance Indicators (KPIs) are required to be defined and incorporated into the Operational Plan when performing the annual budget process. The KPIs established, at a minimum, will be the same ratios that Council is required to report against in its annual financial statements.

5.5.7 Budgets are prepared in keeping with applicable accounting standards and principles.

#### **5.6 Monitoring of Budget During the Financial Year**

5.6.1 A budget review permits a previously adopted budget to be amended. Changes to a budget may be required where new information is received, or circumstances change. Reasons may include:

- A change in service level resulting in an increase or decrease in expenditure.
- A change in grant funding received for services or programs.
- Projects or services delayed or stopped for reasons beyond Council's control.
- Unanticipated increases or decreases in expenditure or revenue.

5.6.2 Council Officers are required to manage their budget reporting responsibility throughout the financial year via the monthly reporting process (the Monthly Operational Report).

5.6.3 Monitoring of budget accuracy is the responsibility of the Council Officers.

5.6.4 Changes to the adopted annual budget are required to be formally adopted by Council resolution prior to change taking effect. Council resolution can be received by reporting to Council via the quarterly budget review process or by separate report to Council.

5.6.5 Appropriate systems, processes and reports shall be implemented to assist Council officers with the management & monitoring of budgets.

5.6.6 RAO will be available to aid and provide guidance on budgetary matters at any time during the financial year.

#### **5.7 Quarterly Reporting Reviews (QBR)**

5.7.1 The QBR presents a summary of council's financial position at the end of each quarter. It is the mechanism whereby councillors and the community are informed of council's progress against the budget along with recommended changes and reasons for major variances. QBRs shall be undertaken for every three month period from the commencement of the financial year. The reporting for the last 3 month period of the financial year shall be through the annual financial reporting process. QBRs shall be prepared and presented in keeping with s5.7.2, 203(1) of the Regulation which states:

*'Not later than 2 months after the end of each quarter, the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the management plan that the council has adopted for the relevant year, a revised estimate of the income and expenditure for that year.'*

##### **5.7.2 Reporting Review Statements**

As a minimum, the QBR process should report to Council on the following:

1. Income Statement showing revenue and expenses.
2. Capital Statement showing revenue and expenses.
3. Cash and Investments statement showing movements in Council's overall cash position, including internal and external reserve movements.
4. Key Performance Indicator (KPI) Statement which should report back against KPI defined in

the Operational Plan

5. Contracts and Other Expenses report showing material contracts entered into by Council.

#### 5.7.3 Other Reporting Matters

When reporting to Council on negative budget variances, the variation should stipulate how the adjustment is to be funded.

### 5.8 Ethics and Conflicts of Interest

5.8.1 Council Officers must immediately upon becoming aware, disclose to the CEO any (perceived or real) conflicts of interest that could be related to Council's budget setting in accordance with Council's Code of Conduct Employees Policy.

### 5.9 Budget Classification

5.9.1 The budget classification and reporting will be defined by the following classification:

Budget Heading	Classifications Included in Budget Heading
Revenue	Rates and annual charges, user fees and charges, Interest and investment revenue, other revenues, other income, grants, and contributions (operational), grants and contributions (capital) and gain on sale of assets.
Operational expense	Employee benefits and oncosts, borrowing costs, materials and contracts, depreciation and amortisation, other expenses, and loss on sale of assets.
Other funding movements	Capital expense, loan borrowings, loan repayments, reserve movements, sale proceeds from sale of assets, deferred debtor advances made, deferred debtor advances repaid and depreciation contra reversal.

### 5.10 Capital Expenditure

5.10.1 All capital budgets must be accompanied with an approved Business Case. A business case ensures that the proposed capital works are aligned to the CSP, consider risks associated with the works, the reason(s) why the works are required and alternatives options that have been considered.

5.10.2 Capital budgets must meet, as a minimum, the threshold limits as defined in Council's Asset Capitalisation Policy. Project budgets under the defined thresholds should be considered operational expense.

#### 5.10.3 Carry-On and Carry Forward Budgets

5.10.3.1 Carry-on Budget: where a capital project has commenced and has unexpended budget in a given financial year these funds are included in the budget of the following financial year.

5.10.3.2 Carry Forward Budget: where a capital project has not commenced by the end of the financial year in which it has been budgeted and is included in the next financial year.

5.10.4 Budgets for capital projects must incorporate all costs related to the project, whether such costs can be capitalise or not, in keeping with the accounting standards, including any overhead costs that are associated with the project, where applicable.

**5.11 Emergency Expenditure**

5.11.1 the CEO is authorised to approve any expenditure for an unexpected or unforeseen event that requires urgent works, within financial delegation limits. Such works would need to be critical in nature that result in restoring services to the general population or remediate public health and safety concerns.

5.11.2 A report must be prepared and submitted at the next available Council meeting requesting approval of the expenditure. The report needs to provide detail of event, works required, expenditure to date and estimated future cost.

**5.12 Financial Record Keeping & Reporting**

5.12.1 Council Officers are required to submit working papers with their original budget estimates to validate and confirm budget allocations and requests. If the budget relates to a capital expenditure, then it must also include the business case requirement as per 5.10.1 above.

5.12.2 Any variations to original budgets throughout the financial year must be accompanied with information supporting the variation, including funding sources.

**6. RESPONSIBILITIES**

Position	Responsibility
Mayor	Lead councillors in establishing this Policy after considering its implications on the financial position of, and risks borne by, Council.  Receive, where required query and adopt, reports related to the annual budget and quarterly budget reviews presented Council
Chief Executive Officer (CEO)	Provide the required delegations Council Officers to fulfill their responsibilities and obligations under this Policy.
Director Corporate Services (DCS)	To lead Council Officers in their understanding of, and compliance with, this Policy.
Manager Finance and Management Accountant	To communicate and implement this Policy. To put in place appropriate controls to ensure that this Policy is complied with by all staff and in a manner that any breaches will be identified speedily.
Council Officer	To be aware of their responsibilities and obligations under this Policy and to ensure that all budgets set for their area of responsibility are managed and reviewed in keeping with the requirements of this Policy.

**7. EVALUATION AND REVIEW**

The CEO or their delegated representative is authorised to approve variations to this Policy if the review is due to revised legislation or regulations.

All such variations to this Policy are to be submitted for adoption by Council (as a revised policy) as soon as

practicable.

It is the responsibility of the DCS in conjunction with the Finance Manager and Management Accountant to monitor the adequacy of this Policy and recommend appropriate changes.

This Policy shall be reviewed, in the minimum, every four (4) years.

## **8. ASSOCIATED DOCUMENTS AND DEFINITIONS**

### Associated Documents

- ▶ MRC Policy – Code of Conduct Policy (POL-100)
- ▶ MRC Policy – Delegations of Authority (Mayor and CEO) Policy (POL-102)
- ▶ MRC Policy – Delegations of Authority (CEO to Staff) Policy (POL-107)
- ▶ MRC Policy – Statement of Business Ethics Policy (POL-111)
- ▶ MRC Policy – Risk Management Policy (POL-200)
- ▶ MRC Policy – Procurement Policy (POL-205)
- ▶ MRC Policy – Fraud & Corruption Policy (POL-212)
- ▶ MRC Policy – Borrowing Policy (POL-217)
- ▶ MRC Internal Policy – Asset Capitalisation Policy (POL-309)
- ▶ Integrated Planning & Reporting Handbook
- ▶ Code of Accounting Practice and Financial Reporting
- ▶ MRC Risk Management Framework
- ▶ MRC Operational Plan and Delivery Program and Long Term Financial Plan
- ▶ Quarterly Budget Review Statement for NSW Local Government

### Definitions:

Term	Definition
Act	Local Government Act 1993 (NSW)
CEO	Chief Executive Officer.
Community Strategic Plan or CSP	A plan that outlines the community's vision and aspirations for a period of ten of or more years.
Council or MRC	Murray River Council including its governing body, the duly elected councillors.
Council Officer	An employee of Council (including contractors) with responsibility for managing an allocated budget.
DCS	Director of Corporate Services or equivalent.
Delivery Plan	The Delivery program is a four-year plan that turns the strategic goals in the CSP into actions.
Long Term Financial Plan	The Long-Term Financial Plan contains financial forecasts of Council for at least ten years and is updated annually as part of the development of the

Term	Definition
	Operational Plan.
Monthly Operational Report or MOR	Monthly report to Council that reports on progress of Council activities during the financial year, including reporting against budget versus actuals.
NSW	State of New South Wales.
Operational Plan	The Operational Plan is a one year plan that spells out the detail of the Delivery Program, identifying the individual projects and activities that will be undertaken in a specific financial year to achieve the commitments made in the four year Delivery Program.
Policy	This Policy.
Quarterly Budget Review or QBR	A regular progress report prepared in accordance with the requirements of the Act s404(5) and Regulations (s203(2)), namely that the Responsible Accounting Officer report quarterly on a budget review statement to adequately disclose the Council's overall financial position.
RAO	Responsible Accounting Officer. The role with the responsibility of managing the requirements under this Policy and the Act and Regulations.
Regulation	Local Government (General) Regulation 2021 (NSW)

**9. DOCUMENT CONTROL**

Version No.	Details	Dates	CM9 Reference	Resolution No.
1	Initial Policy creation and issue	18 July 2023	TBA	

Council reserves the right to review, vary or revoke this policy at any time.  
This Policy is scheduled for review in before March 2027.

**NOTE:**

This is a controlled document. If you are reading a printed copy, please check that you have the latest version by checking it on Councils Electronic Document system. Printed or downloaded versions of this document are uncontrolled.

**DISCLAIMER:**

This document was formulated to be consistent with Murray River Council's legislative obligations and within the scope of Council's powers. This document should be read in conjunction with relevant legislation, guidelines, and codes of practice. In the case of any discrepancies, the most recent legislation should prevail. This document does not constitute legal advice.



**5.9 DRAFT BORROWING POLICY****File Number:** -**Author:** Kris Kershaw, Manager Finance**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Audit and Risk Committee:

1. Receive and review the draft Borrowing Policy.
2. Make recommendation(s) on the Policy for inclusion in the report to the August 2023 Council Ordinary Meeting.

**DISCUSSION**

The Borrowing Policy has been developed as a result of completing the draft Budget Policy (separate report to ARIC). It was determined that Council should also have a policy governing borrowings.

The policy is put to the ARIC committee for review and for the committee members to provide feedback prior to the policy going to Council. The report that will go to Council will request that the policy be placed on public exhibition for 28 days. The report is scheduled to go to the August 2023 Council Ordinary Meeting with a final adoption of the policy scheduled for the October 2023 Council Ordinary Meeting.

The policy is a new policy and has been developed in consultation with the relevant legislation, regulations and with assistance from other NSW Councils who have a similar policy in place. The policy covers off on what Council can and cannot do with regards to borrowing from external and internal sources. When borrowing, Council needs to evaluate the financial impact of the proposed borrowing on Council's Long-Term Financial Plan, Delivery Program and Operational Plan must be considered. This includes reviewing the impact of the loan over the life of Council's plans/ programs and the impact of the of the capital projects funded by the proposed borrowings (for example, public benefit of undertaking the project).

**ATTACHMENTS**

1. Draft Borrowing Policy  



MURRAY RIVER COUNCIL  
COUNCIL POLICY

**DRAFT**  
**BORROWING**  
**POLICY**

POL-217.V#1



## 1. INTRODUCTION

Murray River Council (Council) recognises that borrowings for capital works are an important funding source for. When used prudently, it provides the opportunity to undertake projects early and maintain inter-generational equity on long life assets.

- ▶ Borrowings may be an appropriate source of funding for the following reasons. Land acquisitions
- ▶ Asset acquisitions for strategic property holding or commercial opportunities (i.e. projects that generate an income that can be used to service the borrowing.
- ▶ New assets constructed, e.g., roads, sports/aquatic centre, sporting field, arts centre etc.
- ▶ An asset upgrade, e.g., a footpath widening.
- ▶ A specific and significant one-time asset renewal or replacement, (e.g. replacement or refurbishment of significant asset components).

Borrowings should not be used to fund general operations and maintenance projects as subsequent repayments will reduce funds otherwise available.

Wherever possible, Council will look to fund repayments from the revenue generated from the asset or the service provided using the asset. For example, servicing of borrowings to build a landfill will be, to the extent possible, be funded from waste related revenue streams.

## 2. OBJECTIVES

The objective of this policy is to ensure that the use and management of borrowings:

- ▶ complies with the applicable Ministerial Revised Borrowing Order(s),.
- ▶ is undertaken with due regard for Council's role as a custodian of public funds,
- ▶ is undertaken with the care, diligence, and skill that a prudent person would exercise in managing the affairs of other persons; and
- ▶ complies with Council's overall risk management framework.

Council's power to borrow funds arises from Section 621 of the Local Government Act 1993 (The Act). As a custodian of public funds, Council must exercise the reasonable care and diligence that a prudent person would exercise when borrowing funds.

This policy provides a framework for Council to borrow funds while ensuring the ongoing viability of the Council by not permitting overall borrowings to extend beyond its ability to meet future repayments and budgetary obligations.

## 3. SCOPE

The policy applies to all Councillors and Council Officers who are delegated responsibility, or involved in, the decision making and management of Council's loan portfolio.

## 4. LEGISLATION

- ▶ Local Government Act 1993 (NSW)

## 5. LOCAL GOVERNMENT (GENERAL) REGULATION 2021 (NSW) POLICY STATEMENT

### 5.1 RESPONSIBLE OFFICER

5.1.1 Authority for the implementation of this Policy is delegated by Council to the Chief Executive Officer (CEO).

5.1.2 Under s378 of The Act, the CEO delegates the Council Officer responsible for Council's overall loan

portfolio as the Manager Finance.

## **5.2 BORROWING GUIDELINES**

- 5.2.1 The following guidelines have been set to provide a clear framework for management and staff to follow when considering a loan borrowing (whether external or internal):
- Establishing and monitoring of borrowings is the responsibility of the Manager Finance in conjunction with input from those Council Officers delegated with management of department budgets.
  - Evaluating the financial impact of the proposed borrowing on Council's Long-Term Financial Plan, Delivery Program and Operational Plan must be considered. This includes reviewing the impact of the loan over the life of Council's plans/ programs and the impact of the of the capital projects funded by the proposed borrowings (for example, public benefit of undertaking the project).
  - Compiling a Business Case for the project to be funded by borrowings, in keeping with Project Management Framework.
  - Ensuring the total amount of borrowings (including proposed new borrowing) is sustainable in terms of Council's ability to meet future repayments and budgetary obligations.
  - Assessing the Debt Service Ratio (DSR) impact. This ratio measures the availability of operating cash to service total debt including interest payments & principal, repayments.
  - Identifying the proposed structure of the borrowings and the how Council will procure the borrowings to achieve competitive and favourable terms.
  - Aligning to the extent possible the term of borrowings to the life of the underlying asset where possible.

## **5.3 BORROWING REGULATIONS**

- 5.3.1 Council can borrow funds under s621 of the Act. Security for borrowings is provided under s229 of the Regulation where the repayment of principal and the payment of any interest, is a charge on the income of Council.
- 5.3.2 All borrowings must be approved by Council resolution and included in Council's annual draft Operational Plan.
- 5.3.3 Council must complete and lodge with the NSW Treasury Corporation (TCorp) a "Proposed Loan Borrowing Return" in July each year. If there is an increase in the proposed amount to be borrowed, Council must re-submit an amended Loan Borrowing Return, including the updated amounts, to TCorp.
- 5.3.4 If, during the year, Council is required to increase its proposed borrowings or change the purpose of the initial request, a Council resolution must be passed prior to drawing down of any funds.
- 5.3.5 Council must include details of proposed additional borrowings and renewal of existing borrowings within the annual Operational Plan.
- 5.3.6 The CEO, under s230(1) of the Regulation, must notify the Secretary within seven days after entering into a contract to undertake borrowings.
- 5.3.7 Council is restricted, by the Ministerial Revised Borrowing Order, to source borrowings from Australia denominated in Australian dollars.
- 5.3.8 Borrowings must be undertaken in accordance with the Statement of Business Ethics Policy, Procurement Policy and the Fraud and Corruption Policy of Council.
- 5.3.9 Any contractual arrangements with external contractors/consultants shall obligate such contractors/consultants to abide by the requirements of this Policy.

**5.4 EXPRESSION OF INTEREST (EoI) PROCESS**

- 5.4.2 Quotations from Authorised Deposit-Taking Institutions (ADI) and NSW Treasury Corporation (TCorp) may be obtained for borrowings outlined within the adopted annual Operational Plan.
- 5.4.4 A minimum of three (3) ADIs (including T-Corp) are to be invited to submit written quotations to meet Council's borrowing requirements.
- 5.4.5 Appropriate and acceptable documentation must be provided to Council by any prospective lender during the EOI process. Written quotations must include the:
- Interest rate and whether the rate is fixed or variable.
  - Term of the loan
  - Repayment intervals (monthly, quarterly etc)
  - Repayment instalment amount and
  - Any applicable fees.
- 5.4.6 To ensure that Council is informed of the most current interest rate pricing, ADIs will be requested to provide updated pricing as near as possible to the date and time of the Council Ordinary Meeting, in which the report will go to Council seeking approval to undertake the borrowing.
- 5.4.7 The outcome of the EOI process (including updated interest rate pricing) will be reported to Council with a recommendation to accept the most advantageous quotation. Where the borrowing structure differs between the quotations (e.g., a fixed rate quotation and a variable rate quotation), the report shall examine the risks and benefits of each structure, with reasons for the recommended structure.
- 5.4.8 The Council resolution approving the borrowing is to include the specific details required to ensure the proper execution of loan documentation, for example, affixing the Common Seal of Council if required.

**5.5 INTERNAL BORROWINGS (BETWEEN COUNCIL FUNDS)**

- 5.5.1 The Act restrains the way Council raises and uses money. S409(3) of the Act states:

- a) money that has been received as a result of the levying of a special rate or charge may not be used otherwise than for the purpose for which the rate or charge was levied, and
- b) money that is subject to the provisions of this or any other Act may be used only for that purpose, and
- c) money that has been received from the Government or from a public authority by way of a specific purpose advance or grant may not, except with the consent of the Government or public authority, be used otherwise than for that specific purpose.

- 5.5.2 However, Council may use externally restricted funds by way of internal borrowing, subject to receiving Ministerial approval to do so in accordance with ss410(3) and (4) of the Act.

- 410 Alternative use of money raised by special rates or charges:
- 3. Money that is not yet required for the purpose for which it was received may be lent (by way of internal loan) for use by the Council for any other purpose if, and only if, its use for that other purpose is approved by the Minister.
  - 4. In granting such an approval, the Minister must impose conditions as to the time within which the internal loan must be repaid and as to any additional amount, in the nature of interest, that is to be paid in connection with that loan.

- 5.5.3 Council may also use money that has been received from the Government or from a public authority by way of a specific purpose advance or grant, with approval from the Government or public authority

providing the funding.

- 5.5.4 Council may also undertake internal borrowing, between the Funds (General, Water, and Sewer) of Council, subject to a Council resolution to do so.
- 5.5.5 The full impact of the borrowings must be disclosed in the Council resolution and the internal agreement must set out:
- The reason for the borrowing.
  - The basis of calculating the amount of the borrowing.
  - The permitted use/s of the borrowed funds.
  - The internal restriction that will be borrowed from.
  - If borrowing cost (interest) is to be applied to the borrowing, then the interest rate to be used.
  - Repayment period. A repayment schedule to repay internal borrowings will be drafted to ensure repayments to internal restrictions can be funded.

## **5.6 ETHICS AND CONFLICTS OF INTEREST**

- 5.6.1 Council Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's borrowing process. This includes activities that would impair the Council Officer's ability to make impartial decisions.
- 5.6.2 Council Officers must immediately upon becoming aware, disclose to the CEO any (perceived or real) conflicts of interest in accordance with Council's Code of Conduct Policy.

## **5.7 FINANCIAL RECORD KEEPING & REPORTING**

- 5.7.1 The Manager Finance is required to maintain a loan repayment schedule.

## **6. ROLES AND RESPONSIBILITIES**

POSITION	RESPONSIBILITY
Mayor	Lead Councillors in establishing this Policy after considering its implications on the financial position of, and risks borne by, Council.  Receive, and where required query, reports related to the borrowing process.
Chief Executive Officer (CEO)	Provide the required delegations for Council Officers to fulfill their responsibilities and obligations under this Policy.
Director Corporate Services (DCS)	To lead Council Officers, where so appropriate, in their understanding of, and compliance with, this Policy.
Manager Finance	To communicate and implement this Policy. To put in place appropriate controls to ensure that this Policy is complied with by all staff and in a manner that any breaches will be identified speedily.

Council Officers	To be aware of their responsibilities and obligations under this Policy
------------------	---

**7. EVALUATION AND REVIEW**

It is the responsibility of the Director Corporate Services in conjunction with the Manager Finance to monitor the adequacy of this Policy and recommend appropriate changes.

This Policy shall be reviewed, at a minimum of every four (4) years or sooner if needed.

**8. ASSOCIATED DOCUMENTS, DEFINITIONS AND ACRONYMS**External

- ▶ Ministerial Revised Borrowing Order May 2009
- ▶ Code of Accounting Practice and Financial Reporting
- ▶ Australian Accounting Standards

Internal

- ▶ MRC Policy – Code of Conduct Policy (POL-100.1, POL 100.2)
- ▶ MRC Policy – Delegations of Authority (Mayor and CEO) Policy (POL-102)
- ▶ MRC Policy – Delegations of Authority (CEO to Employees) Policy (POL-107)
- ▶ MRC Policy – Risk Management Policy (POL-200)
- ▶ MRC Policy – Statement of Business Ethics Policy (POL-201)
- ▶ MRC Policy – Procurement Policy (POL-205)
- ▶ MRC Policy – Fraud & Corruption Policy (POL-212)
- ▶ MRC Policy – Budget Management and Reporting Policy (POL-2XX)
- ▶ MRC Policy – Asset Accounting Policy (POL-309)
- ▶ MRC Plan - MRC Risk Management Framework
- ▶ MRC Operational Plan, Delivery Program and Long Term Financial Plan

Definitions:

Term	Definition
Act	Local Government Act 1993 (NSW)
CEO	Chief Executive Officer.
Community Strategic Plan (CSP)	A plan that outlines the community's vision and aspirations for a period of ten of or more years.
Council Officer	Employees, including the CEO, and any contactors duly engaged by Council.

DCS	Director of Corporate Services
Delivery Plan	The Delivery program is a four year plan that turns the strategic goals found in the Community Strategic Plan into actions. It is the point where council makes a commitment to the Community Strategic Plan, and act upon those issues that are within its area of responsibility.
DSR	Debt Service Ratio, calculated by dividing the "Operating Result before Capital excluding Interest, Depreciation, Impairment & Amortisation, by the Principal Repayments plus Borrowing Costs.
Eol	Expression of Interest
Interest rate	The interest rate is the amount a lender charges a borrower and is a percentage of the principal—the amount loaned.
Minister	Minister for Local Government of New South Wales
OLG	Office of Local Government.
Ministerial Revised Borrowing Order(s), dated 13 May 2009	The applicable Order as of adopting this Policy is the Ministerial Revised Borrowing Order(s), dated 13 May 2009
Regulation	Local Government (General) Regulation 2021 (NSW)
Secretary	Office of Local Government Secretary
TCorp	NSW Treasury Corporation, the central borrowing authority for the NSW public sector.

**9. DOCUMENT CONTROL**

Version No.	Details	Dates	CM9 Reference	Resolution No.
1	Initial Policy creation and issue	DRAFT	VF/23/1056	

Council reserves the right to review, vary or revoke this policy at any time.

This Policy is scheduled for review in or  
before 2027.

**NOTE:**

This is a controlled document. If you are reading a printed copy, please check that you have the latest version by checking it on Councils Electronic Document system. Printed or downloaded versions of this document are uncontrolled.

**DISCLAIMER:**

This document was formulated to be consistent with Murray River Council's legislative obligations and within the scope of Council's powers. This document should be read in conjunction with relevant legislation, guidelines, and codes of practice. In the case of any discrepancies, the most recent legislation should prevail. This document does not constitute legal advice.

**5.10 REVIEW OF FRAUD & CORRUPTION POLICY****File Number:** -**Author:** Sandra Gordon, Manager Governance & Risk**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the current Fraud and Corruption Policy has been reviewed by the ARIC and is

1. fit for purpose without the need for amendments.

Or

2. That the following amendments were recommended.

(List amendments here)

**DISCUSSION**

Version #2 of the Fraud and Corruption Policy was adopted by Council in January 2021. All Council policies must be reviewed by Council at least once during the term of the elected body/Council.

Clause 5 on page 9 of the current policy states:

**5. EVALUATION AND REVIEW**

It is the responsibility of the Director Shared Service (now Corporate Services), to monitor the adequacy of this Policy and recommend appropriate changes.

This Policy will be formally reviewed every four (4) years or as needed, whichever comes first.

In consideration of this statement the Policy is not due for formal readoption until Jan 2025, however the ARIC Meeting Plan stated it should be reviewed annually at the August meeting.

The current version of the Policy is attached for your consideration.

**ATTACHMENTS**

1. Fraud & Corruption Policy V#2 [!\[\]\(e471317fce57ec9bcafb3cdbe6561bfe\_img.jpg\)](#) 



MURRAY RIVER COUNCIL  
COUNCIL POLICY

**FRAUD  
AND  
CORRUPTION  
CONTROL  
POLICY**

POL-212.V#2

Based on the Audit Office – Fraud Control Improvement Kit – Feb 2015





## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### 1. INTRODUCTION

The risk of fraudulent or corrupt activity is ever present in all organisations and in all industries. Local Government is not immune to the possibility of fraud and corrupt activity occurring.

The community expects Murray River Council to practice the highest standards of stewardship of public resources and to establish and maintain a sound system of internal control.

It also expects that Council Officers and Officials adopt and practice an outstanding level of ethics in all Council business.

This policy sets out Council's clear message – that fraudulent or corrupt activity will not be tolerated.

### 1. OBJECTIVES

The objectives of this Policy are to:

- ▶ affirm that Council does not accept or tolerate any act of fraud or corruption,
- ▶ protect the integrity, security and reputation of the Council and its Council Officers and Officials, and
- ▶ outline Council's approach to fraud and corruption control within the themes of prevention, detection and response.

### 2. SCOPE

This policy applies to all Council activities, and to all Council Officers and Officials.

### 3. POLICY STATEMENT

Murray River Council will achieve fraud and corruption control through the following actions:

- ▶ Creation, maintenance and compliance with an effective system of internal controls;
- ▶ Management reviews to check compliance;
- ▶ Maintenance of an ongoing Internal Audit function in line with the program approved by the Audit and Risk Committee;
- ▶ Regular conduct of fraud risk assessments to identify opportunities for fraud;
- ▶ Implementation of strategies to prevent or minimise the opportunity for fraud and corruption in Council activities;
- ▶ Implementation of formal procedures for investigation of allegations of dishonest, corrupt/or fraudulent behaviour;
- ▶ Prompt reporting of any matter to appropriate authorities, if the CEO has a suspicion that there has been fraud and corruption;
- ▶ Commitment to taking action as appropriate and in accordance with the Code of Conduct and this policy;
- ▶ Provision of training to all staff on their obligations under this and associated policies such as the Code of Conduct;
- ▶ Promotion of this and other policies to ensure that Council Officers and Officials are aware of their responsibilities in combating fraud; and
- ▶ Fostering an environment in which fraudulent and corrupt activity is discouraged.

A detailed strategy to ensure these actions are implemented is described in the following sections.



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### **Fraud and Corruption Control Framework**

The administration of this Policy is based around a holistic approach to fraud and involves actions on the following fronts:

- ▶ **Prevention** – to establish and maintain a good governance framework through well established procedures that reduce the chances of fraud;
- ▶ **Detection** – sound auditing and checking procedures to deal with any transactions or activities that do not align with the expected procedures;
- ▶ **Response** – detailed reporting and investigation procedures to deal with any potential fraud and/or corruption activity. A sound response system includes appropriate action to deal with any fraudulent activity.

The Audit Office (NSW) have established a 10 attribute framework of fraud and corruption control, as outlined in their [Fraud Control Improvement Kit \(2015\)](#)

Attribute	Theme
Attribute One - Leadership	Prevention
Attribute Two - Ethical framework	Prevention, Detection, Response
Attribute Three - Responsibility structures	Prevention, Detection, Response
Attribute Four - Policy	Prevention
Attribute Five - Prevention systems	Prevention
Attribute Six - Fraud and corruption awareness	Prevention, Response
Attribute Seven - Third party management systems	Prevention, Response
Attribute Eight - Notification systems	Detection, Response
Attribute Nine - Detection systems	Detection
Attribute Ten - Investigation systems	Response

### **ATTRIBUTE ONE: LEADERSHIP**

A successful fraud and corruption control framework is led by a committed and accountable Executive who must establish a Council-wide anti-fraud and corruption culture. The CEO, supported by the Councillors and Directors, is responsible for the strategic oversight of fraud and corruption control at Council.

### **ATTRIBUTE TWO: ETHICAL FRAMEWORK**

Council has clear policies establishing acceptable standards of ethical behaviour and these are available to all Council Officers and Officials on Council's website. These include:

- ▶ Code of Conduct
- ▶ Statement of Business Ethics

Murray River Council's Code of Conduct Policy and Procedure specifies the standards of behaviour expected from all Council Officers and Officials. This Code also outlines the disciplinary systems that will apply to any breach of the Code of Conduct or associated policies.



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

Murray River Council's Statement of Business Ethics also describes the standards of behaviour expected of business partners, contractors, sub-contractors, suppliers and other business associates. It specifies that breaches of this and related policies will also impact on continuing relationships with Council.

Murray River Council will not tolerate fraud and corruption and will pursue all conduct and disciplinary measures available to it, if acts of fraud and corruption are proven.

### **ATTRIBUTE THREE: RESPONSIBILITY STRUCTURES**

This is detailed below under the subheading for Responsibilities.

### **ATTRIBUTE FOUR: POLICY**

Council's Fraud and Corruption Control Policy and other related policies, procedures, register and other associated documents sets out Council's framework for fraud and corruption control and establishes the responsibilities for managing fraud and corruption control at Council consistent with the Australian Standard 8001-2008: Fraud and corruption control. The other related policies include:

- ▶ Internal Reporting (PID) Policy
- ▶ Code of Conduct Policy and Procedures

This policy addresses:

- ▶ The level and nature of internal and external fraud risks.
- ▶ The ten (10) attributes of fraud control, and
- ▶ A cohesive and integrated system of fraud control that does not operate in isolation.

### **ATTRIBUTE FIVE: PREVENTION SYSTEMS**

Council's prevention systems consist of a number of components including:

#### **Fraud and Corruption Risk Assessment**

The identification and assessment of the risks of fraud and corruption is an integral part of Council's overall approach to risk management. The process of minimising these risks follows the same process as any other risk faced by Council. The primary steps in the risk management process are:

- ▶ Identifying the risks of fraud and corruption;
- ▶ Analysing the potential effect of these risks and assessing and rating them;
- ▶ Devising a strategy or strategies to mitigate the risks, including the identification of actions;
- ▶ Assigning responsibility for identified actions to the appropriate Council officer; and
- ▶ Follow up and review to ensure actions have been taken and are working to mitigate the risks.

Council's fraud and corruption risk assessment is to be reviewed carried out every two years and is to be reported to the ELT and the Audit & Risk Committee.

The early detection of fraud and corruption is essential, Management and staff may be able to detect and deter fraud and corruption through the following methods:

- ▶ The regular assessment of fraud and corruption risks;
- ▶ A targeted Internal Audit approach that is based on the assessment of risk areas;
- ▶ Encouragement of staff and management to use the internal reporting system;
- ▶ The communication of this Policy throughout Council and the community;
- ▶ The education of staff in this Policy;



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

- ▶ Compliance and reporting of non-compliance with the internal controls;
- ▶ Reporting to Management of unexplained changes in patterns such as unusual behaviour or expensive lifestyles of other staff members.
- ▶ The usage of management reports i.e. financial and operational reports to identify unexpected trends or variances

The risk of fraud and corruption should not be looked at in isolation from the general business of Murray River Council. There is considerable overlap between enterprise risk, business risk, audit risk, security risk and fraud risk.

### Fraud and Corruption Register

The Fraud and Corruption Register records all incidents of fraud and corruption affecting Council and the investigation outcome and response, without identifying the individuals involved.

Council is committed to analysing reports of fraud and corruption to help identify potential weaknesses in internal controls.

### Internal Controls

Robust internal controls are an effective way to prevent fraud and corruption. Council's internal controls are risk-focused, and have been established to proactively minimise opportunities for fraud and corruption. Examples of appropriate controls employed by Council include:

- ▶ Segregation of duties;
- ▶ Risk assessments;
- ▶ Internal and external audit reports;
- ▶ Identification and declaration of conflict of interest;
- ▶ Adherence to and promotion of Council policies;
- ▶ Effective leadership;
- ▶ Security (physical and information systems);
- ▶ Supervision (internal reviews);
- ▶ Approvals within delegated authority;
- ▶ Regular reconciliations;
- ▶ Sound budget control including regular reviews; and
- ▶ Clear reporting lines.

### Ethical Workforce

Council is committed to employing staff that support its ethical values. Council conducts pre-employment screening including reference checks as well as additional checks as appropriate for high risk positions.

## **ATTRIBUTE SIX: FRAUD AND CORRUPTION AWARENESS**

A key element of Council's fraud and corruption control framework is creating awareness among all staff of the different components of the framework, what activities are considered fraudulent or corrupt and how to respond if fraud or corruption is suspected.

### Staff training

Council is committed to facilitating regular training opportunities relevant to fraud and corruption control for its staff.

- ▶ Incorporating fraud and corruption prevention into induction training for new staff;



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

- ▶ Presenting fraud awareness training sessions to Management and staff; and
- ▶ Reporting of outcomes of investigations and disciplinary actions against Council Officers and Officials who perpetrate fraud or corruption, where appropriate.

### **Ethical behaviour policies**

Council has adopted a Statement of Business Ethics Policy and it is available on Council's website and forms part of the induction process for new Council Officers and Officials.

### **Awareness raising**

Fraud and corruption risk assessments and fraud and corruption control health checks will be undertaken on a regular basis, including reviewing and updating Council's Risk Register.

Council holds an annual Information Day, that are compulsory for all staff. This day covers sessions on, but not limited to:

- ▶ Code of Conduct – including Fraud and Corruption
- ▶ Business Ethics
- ▶ Appropriate behaviours – Fit for work, bullying, harassment, discrimination, ethical use of computers, password security

Other awareness raising initiatives include email and poster reminders relevant to Council's fraud and corruption control framework.

### **Induction**

Staff induction addresses key policies relevant to Council's fraud and corruption control framework, including the Code of Conduct.

### **Customer and Community Awareness**

Council is committed to ensuring that its customers and suppliers are aware of its commitment to ethical behaviour. Council's Statement of Business Ethics is published on its website, along with other policies relevant to the fraud and corruption control framework. This information is also provided to Council volunteers, including advisory committee members.

Council interacts with a wide range of stakeholders including residents, ratepayers, suppliers, contractors, developers, volunteers and the like. Council needs to ensure that both customers and the community are aware of Murray River Council's attitude to fraud and corruption.

Murray River Council adopts the following strategies for the active communication of this framework to increase customer and community awareness:

- ▶ Promotion of this strategy and associated policies such as the Code of Conduct and Procurement framework on Council's website;
- ▶ Referring to fraud and corruption initiatives in Council's Annual Report;
- ▶ Membership of appropriate professional bodies and regular attendance at relevant industry forums and seminars; and
- ▶ Communication regarding specific strategies through media releases.

### **ATTRIBUTE SEVEN: THIRD PARTY MANAGEMENT SYSTEMS**

Council ensures that appropriate controls, such as the segregation of duties, are in place to manage its dealings with third parties.

Council makes available the Statement of Business Ethics Policy to contractors and suppliers so they understand the mutual obligations of all parties and the standards of behaviour expected by Council.

Third parties are encouraged to report suspected fraud and corruption to Council in accordance with the processes outlined in Council's Internal Reporting (PID) Policy.



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### **ATTRIBUTE EIGHT: NOTIFICATION SYSTEMS**

Council requires its officers, officials and encourages third parties and members of the public to report known or suspected fraud or corruption in accordance with Council's Internal Reporting (PID) Policy.

The Crimes Act 1900 provides that in certain circumstances, failure to report a serious offence (which could include corrupt conduct) to the NSW Police or another appropriate authority is an offence.

The Public Interest Disclosures Act 1994 (PID Act) provides protection to public officials (as defined by the PID Act) who make a public interest disclosure by imposing penalties on anyone who takes detrimental action against another person that is substantially in reprisal for that person making a public interest disclosure.

### **ATTRIBUTE NINE: DETECTION SYSTEMS**

Council routinely undertakes checks of activities, processes, controls and transactions. This monitoring and review process seeks to ensure that irregularities and warning signals are identified early and acted upon.

Internal controls are also applied to detect fraud and corruption. These include data analytics and both internal audit and external audit.

Auditing is a particularly significant control mechanism, as Council's audit processes aim to provide a proactive, independent and comprehensive approach to evaluating and improving the effectiveness of fraud and corruption control.

Council's audit program is risk-based and regularly reviewed by management and the Audit and Risk Committee. Council has robust procedures for following up on audit recommendations, with responsibility assigned to individual staff and clear timetables set for response and implementation.

### **ATTRIBUTE TEN: INVESTIGATION SYSTEMS**

Guidelines for the investigation of suspected fraud or corruption, and the possible disciplinary action which may result, are set out in Council's Internal Reporting (PID) Policy, Code of Conduct Policy and Procedures and the Staff Performance Management/Disciplinary Policy.

However, where a Council Officer and/or Official or other relevant party is reasonably suspected of behaving corruptly, that will be reported to the ICAC and that person may be investigated under the ICAC Act.

If a preliminary assessment of a matter indicates a reason to suspect that there may have been a criminal offence committed, Murray River Council will contact the NSW Police.

In the absence of criminal prosecution, Murray River Council undertakes to apply appropriate civil, administrative or disciplinary penalties against individuals who have been party to fraud or corruption.

Murray River Council acknowledges that criminal prosecutions will have a deterrent effect in the fight against future instances of fraud and corruption.

Depending on the nature and complexity of the alleged fraud, Council will decide whether the matter will be handled internally or that Council will engage an external resource.

Council may take necessary legal action to recover losses that are determined to have resulted from fraudulent or corrupt conduct.

## **4. RESPONSIBILITIES**

All Council Officers and Officials have a duty to be aware of the potential for fraud and corruption and to report anything that they feel is not right. There are a range of options available for reporting of any such matters.





## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

Reports can be made internally through Council's Internal Reporting (PID) Policy or to an external agency such as the Independent Commission Against Corruption (ICAC), the NSW Ombudsman's Office, NSW Auditor General, NSW Police or the Office of Local Government (OLG) depending on the nature of the matter.

All Council Officers and Officials have an important role to play in the prevention and control of fraud and corruption. These roles and responsibilities are outlined below:

### **Mayor & Councillors**

- ▶ Ensure that Council's powers, duties and responsibilities are exercised in an open, fair and proper manner to the highest standards of probity;
- ▶ Providing leadership in actively displaying and promoting ethical behaviour within Murray River Council;
- ▶ Ensuring that this Policy is actively communicated to all stakeholders throughout Council; and
- ▶ Ensuring communication to the community of Murray River Council's commitment to fraud and corruption prevention.

### **Audit & Risk Committee**

Council's Audit and Risk Committee will advise Council of fraud and corruption prevention and control activities at Council. This will be achieved through:

- ▶ Be alert to the possibility of fraud and corruption within Council;
- ▶ Examine and evaluate the adequacy and effectiveness of internal controls;
- ▶ Reviewing the outcomes of the fraud risk assessments, the results of this will also be integrated into Council's overall Risk Management Framework;
- ▶ Review and approval of appropriate policies/methodologies for the detection and prevention of fraud and corruption;
- ▶ Reviewing outcomes of applicable fraud and corruption investigations; and
- ▶ Reporting to Council of any outcomes as required.

In addition, Council's Internal Auditor will be responsible for reporting to the Audit and Risk Committee any fraud and corruption activities or controls that need strengthening during the undertaking of internal audits.

### **CEO**

The CEO is responsible for:

- ▶ Guiding the proper management of Council resources and the development and implementation of systems and practices to minimise the risk of fraud and corruption;
- ▶ Providing leadership in actively displaying and promoting ethical behaviour within Murray River Council;
- ▶ Ensuring that this Policy is actively communicated to all Council Officers and Officials throughout Council; and
- ▶ Ensuring promotion to the community of Council's commitment to fraud and corruption prevention.

The CEO also has the responsibility of referring, or notifying, any allegations of fraudulent or corrupt behaviour that have been identified by Murray River Council to the appropriate external agencies (i.e. the Independent Commission Against Corruption) and to report to Council any outcomes as required.

### **Directors, Managers and Supervisors**

- ▶ Lead Council staff and external service providers in their understanding of and compliance with this Policy and related Council policies;





## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

- ▶ Ensure there are adequate measures to prevent, detect and respond to fraud and corruption within the respective business areas under their control, in accordance with Council's fraud and corruption control framework;
- ▶ Lead team members in their understanding of and compliance with this Policy and related Council policies;
- ▶ Assessing/identifying/implementing new controls where systems or structure have changed;
- ▶ Providing input and assistance to the identification and minimisation of fraud and corruption risks; and
- ▶ Provide advice and assistance to Council staff in relation to this Policy.

### **All Council Officers**

- ▶ Read, understand and comply with this and related policies and procedures;
- ▶ Report known or suspected fraud or corruption as soon as possible after becoming aware of it, in accordance with the processes outlined in the Internal Reporting (PID) Policy;
- ▶ Ensuring that they do not take part in any activity that could constitute fraud and/or corruption;
- ▶ Being vigilant to the risks of fraud and corruption; and
- ▶ Bringing to the attention of Management any inadequacies in the policy, procedures and practices implemented to prevent opportunities for fraud and corrupt behaviours.

### **Other Interested Parties – Stakeholders, Contractors and Members of the Public**

Other interested parties are encouraged to familiarise themselves with this Policy and to:

- ▶ Refrain from engaging in fraud and corruption behaviours in their dealings with Council; and
- ▶ Report known or suspected fraud or corruption in accordance with the processes outlined in the Internal Reporting (PID) Policy.

## **5. EVALUATION AND REVIEW**

It is the responsibility of the Director Shared Service, to monitor the adequacy of this Policy and recommend appropriate changes.

This Policy will be formally reviewed every four (4) years or as needed, whichever comes first.

## **6. BREACHES OF THIS POLICY**

Breaches of this Policy may be breaches of Council's Code of Conduct and may result in disciplinary action.

However, where a Council Officer and/or Official is reasonably suspected of behaving corruptly, as outlined in this Policy, that conduct will be reported according to the provisions of the Internal Reporting (PID) Policy.

This may be to:

- ▶ ICAC;
- ▶ Office of Local Government;
- ▶ NSW Auditor General;
- ▶ Ombudsman's Office; and/or
- ▶ NSW Police.



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### 7. LEGISLATION, ASSOCIATED DOCUMENTS AND DEFINITIONS

#### Legislation

- ▶ Local Government Act 1993 (NSW);
- ▶ Public Interest Disclosure Act 1994
- ▶ Government Information (Public Access) Act 2009
- ▶ Independent Commission Against Corruption Act 1988

#### Associated Documents

- ▶ MRC Policy – Code of Conduct Policy (POL-100)
- ▶ MRC Policy – Statement of Business Ethics Policy (POL-201)
- ▶ MRC Policy - Delegations of Authority (Mayor and General Manager) Policy (POL-102)
- ▶ MRC Policy – Delegation of Authority (CEO to Staff) Policy (POL-107)
- ▶ MRC Policy – Internal Reporting (PID) Policy (POL-209)
- ▶ MRC Policy - Related Party Disclosures Policy (POL-110)
- ▶ MRC Policy – Procurement Policy (POL-205)
- ▶ MRC Policy – Pecuniary Interest Guidelines (POL-106)
- ▶ MRC Policy – Risk Management Policy (POL-200)
- ▶ MRC Plan – Risk Management Plan
- ▶ MRC Plan – Audit & Risk Committee Internal Audit Plan
- ▶ MRC Charter – Audit & Risk Committee Charter
- ▶ MRC Register – Risk Register
- ▶ MRC Register – Fraud & Corruption Control Register
- ▶ NSW Audit Office – Better Practice Guide: Fraud Control Improvement Kit – Meeting your Fraud Control Obligations (February 2015)
- ▶ Standards Australia: AS8001-2008 – Fraud and Corruption Control

#### Definitions:

Term	Definition
Benefits	A non-tangible item of value that one person or organisation confers on another (for example, hospitality, preferential treatment, access to confidential information, free access to services which are normally charged at a fee, or access to a private spectator box at a sporting or entertainment event).
Bribe	A gift or benefit offered for the purpose of winning favours or to influence the decision or behaviour of a Council official to benefit someone or something.
Corruption	<b>What is corrupt conduct? (ICAC Act 1988, Section 8)</b> 1. Corrupt conduct is: <ul style="list-style-type: none"> <li>a) any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or</li> <li>b) any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or</li> </ul>



# FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

	<p>c) any conduct of a public official or former public official that constitutes or involves a breach of public trust, or</p> <p>d) any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.</p> <p>2. Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by any public official, any group or body of public officials or any public authority and which could involve any of the following matters:</p> <p>a) Official misconduct (including breach of trust, fraud in office, nonfeasance, misfeasance, malfeasance, oppression, extortion or imposition),</p> <p>b) Bribery,</p> <p>c) blackmail,</p> <p>d) obtaining or offering secret commissions,</p> <p>e) fraud,</p> <p>f) theft,</p> <p>g) perverting the course of justice,</p> <p>h) embezzlement,</p> <p>i) election bribery,</p> <p>j) election funding offences,</p> <p>k) election fraud,</p> <p>l) treating,</p> <p>m) tax evasion,</p> <p>n) revenue evasion,</p> <p>o) currency violations,</p> <p>p) illegal drug dealings,</p> <p>q) illegal gambling,</p> <p>r) obtaining financial benefit by vice engaged in by others,</p> <p>s) bankruptcy and company violations,</p> <p>t) harbouring criminals,</p> <p>u) forgery,</p> <p>v) treason or other offences against the Sovereign,</p> <p>w) homicide or violence,</p> <p>x) matters of the same or a similar nature to any listed above,</p> <p>y) misuse of discretions in favour of third parties,</p> <p>z) any conspiracy or attempt in relation to any of the above.</p>
Council Official	Councillors, Council employees, administrators, Council Committee members, delegates of Council.
Council Officer	<p>An officer is defined as being one of the following:</p> <ul style="list-style-type: none"> <li>▶ An employee, or</li> <li>▶ A contractor or subcontractor, or</li> <li>▶ An employee of a contractor or subcontractor, or</li> <li>▶ An employee of a labour hire company who has been assigned to work in the person's business or undertaking, or</li> <li>▶ An outworker, or</li> <li>▶ An apprentice or trainee, or</li> <li>▶ A student gaining work experience, or</li> <li>▶ A volunteer</li> </ul>
ELT	Executive Leadership Team



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

External service provider	An entity engaged to deliver a function or service for and on behalf of Council.
Fraud	Fraud is a subset of corruption and is a "dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position."
Gift	An item of value which one person or organisation presents to another (for example, cash, gift voucher, alcohol, products, or tickets to a sporting or entertainment event).
Internal Control	A process, policy or other action that acts to minimise risk and enhance the likelihood that stated objectives and goals will be achieved.

### 8. DOCUMENT CONTROL

Version No.	Details	Dates	CM9 Reference	Resolution No.
1	Initial Issue	25 June 2019 – 19 January 2021	VF/19/527	110619
2	Policy reviewed and updated to reflect changes to the organisational structure.	19 January 2021 to	VF/19/527	080121

Council reserves the right to review, vary or revoke this policy at any time  
This Policy is scheduled for review in before 2025

#### Disclaimer:

This document was formulated to be consistent with Murray River Council's legislative obligations and with the scope of Council's powers. This document should be read in conjunction with relevant legislation, guidelines and codes of practice. In the case of any discrepancies, the most recent legislation should prevail. This document does not constitute legal advice. Legal advice should be sought in relation to particular circumstances and liability will not be accepted for losses incurred as a result of reliance on this document.



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### **APPENDIX 1: FACTSHEET:**

#### **What is Corruption or Corrupt Conduct?**

Corruption is:

“Dishonest activity which is contrary to the interests of an entity and where individuals abuses there position of trust in order to achieve some personal gain or advantage for themselves or another person or entity”

Corrupt conduct is:

- ▶ any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or
- ▶ any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or
- ▶ any conduct of a public official or former public official that constitutes or involves a breach of public trust, or
- ▶ any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

For example, this could include:

- ▶ the improper use of knowledge, power or position for personal gain or the advantage of others
- ▶ acting dishonestly or unfairly, or breaching public trust
- ▶ a member of the public influencing or trying to influence a public official to use their position in a way that is dishonest, biased or breaches public trust.
- ▶ Payment of bribes in money, benefits or some other value, to a person that is related to a specific action/decision of the person or entity
- ▶ Inappropriate release of confidential information by a person of the entity.
- ▶ A staff member manipulating a tendering or procurement process to achieve a desired outcome.
- ▶ Collusive procurement practices by prospective suppliers/tenderers
- ▶ Conflict of interest involving a staff member acting in his or her own self-interest rather than the interests of the entity.
- ▶ Acting to gain a benefit for another

#### **What is Fraud?**

Fraud is a subset of corruption and is

“dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.”



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### **How Does Fraud and Corruption Occur?**

Fraud and corruption can be committed by any person alone or in collusion with others. Perpetrators of fraud and corruption could be:

- ▶ An employee or employees of Council;
- ▶ Councillors;
- ▶ Volunteers;
- ▶ External individuals or companies or
- ▶ External contractors/service providers

### **What is the Impact of Fraud and Corruption?**

The potential impact of fraud and corruption is significant and far-ranging, and could include:

- ▶ financial loss;
- ▶ damage to Murray River Council's reputation and standing within the community;
- ▶ disruption to staff
- ▶ loss of key staff members;
- ▶ diversion of management energy; and
- ▶ reduction in staff morale.

### **When is Fraud and Corruption more likely to happen?**

The risk of fraud and corruption is heightened by the ever evolving environment of Local Government. With changes continuously taking place, management must be particularly alert to the added risk of fraud and corruption. Listed below are some examples of situations and changes when the risk of fraud and corruption is heightened:

- ▶ Structural change
- ▶ Changes to processes
- ▶ Changes to delegations of responsibility
- ▶ Changes brought about by cost-cutting measures
- ▶ Out sourcing of activities
- ▶ Changes in Information Technology
- ▶ Changes in legislation
- ▶ Council Officers and Officials being in their position for a long period.

### **Behaviours to be aware of**

Management, staff and Councillors should be aware of the following:

- ▶ Staff being first to arrive in the morning and/or last to leave at night.
- ▶ Egotistical (e.g. scornful of system controls).
- ▶ A risk taker or rule breaker.
- ▶ Reluctance to take leave
- ▶ Refusal of promotion



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

- ▶ Unexplained wealth
- ▶ Sudden change of lifestyle.
- ▶ New staff resigning quickly
- ▶ Cosy relationships with suppliers/contractors
- ▶ Suppliers/contractors who insist on dealing with one particular member of staff
- ▶ Staff who are disgruntled at work - a complainer
- ▶ Staff that are dismissive of ratepayer requests without full & proper consideration.

### What does Fraud and Corruption look like?

#### **Assets**

- ▶ Repeated and/or unexplained loss of assets – particularly portable and attractive assets such as laptops, mobile phones, digital cameras
- ▶ Unauthorised disposal of assets

#### **Unauthorised use of assets**

- ▶ Use of office equipment for private purposes
- ▶ Private use of external equipment such as tools, power tools, plant and/or heavy equipment
- ▶ Use of Council resources such as paper, stationery for private purposes
- ▶ Unauthorised private use of motor vehicles
- ▶ Unauthorised private use of fuel

#### **Human Resources**

- ▶ Theft of time – persons using work hours to conduct a private business
- ▶ Excessive and/or unsubstantiated claims for overtime
- ▶ Fraudulent completion of attendance sheets and/or timesheets “Ghost” employees
- ▶ Labour charges in excess of expectations
- ▶ Fraudulent workers compensation claims
- ▶ Non-compliance to HR policies
- ▶ Timesheet fraud – claiming hours not worked, misuse of sick or family leave

#### **Finance**

- ▶ Theft of cash or petty cash
- ▶ Using taxi vouchers for private purposes
- ▶ Use of Council provided credit cards for personal expenses and claiming them as work related

#### **Inventory**

- ▶ Unexplained losses/theft of inventory
- ▶ Unexplained/Unauthorised inventory charges to cost centres



## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### Information Systems

- ▶ Inappropriate use of computer systems i.e. access to the internet for unreasonable private usage
- ▶ Access to inappropriate sites
- ▶ Access to the system by unauthorised users
- ▶ Access to and provision of confidential information
- ▶ Unauthorised access to EFT processes

### Purchasing/Contracts/Procurement

- ▶ Non-Compliance with Council procurement policies including bypass of the correct approval process
- ▶ Undisclosed personal/pecuniary interests of staff involved in a procurement or contract process
- ▶ Collusive practices between suppliers and procurement/purchasing officers
- ▶ Staff obtaining quotes from the same suppliers (to comply with policy) but not effectively market testing.
- ▶ Contract fraud – invalid variations and extensions to work scopes.
- ▶ Receiving 'kickbacks' from a contractor or consultant .
- ▶ Related parties transactions

### Planning

- ▶ Development application – not following procedures and process

### Governance/Other

- ▶ Obtaining an unjust advantage by misusing information gained during the course of employment with Murray River Council
- ▶ Theft of intellectual property

### How can Fraud and Corruption be Reported?

Council's Code of Conduct states that all Council Officers and Officials are required to report any instances of possible fraud, corruption, maladministration or serious and substantial wastage. Council supports and encourages a culture of reporting.

#### Reporting to someone at Council

When a Council Officer and/or Official of Murray River Council suspects fraud or corruption, the Council Officer and/or Official is required to report it as a Public Interest Disclosure (often referred to as a PID) to one of Council's Disclosures Officers.

A person who makes a report in accordance with Council's Internal Reporting (PID) Policy (POL-212) will be protected under the Public Interest Disclosures Act 1994.

Murray River Council is committed to ensuring that Council Officers and Officials are not victimised as a result of reporting corrupt conduct, maladministration or substantial waste, concealment of pecuniary interests, or misuse of government information.

Any such allegations will be treated in strict confidence and investigated as considered appropriate.

See Council's Internal Reporting (PID) Policy (POL-212) for further details.





## FRAUD AND CORRUPTION CONTROL POLICY

POL-212.V#2

### Reporting outside of Council

You can also choose to report suspected corruption to the Independent Commission Against Corruption (ICAC), maladministration to the Ombudsman, or serious and substantial wastage to the Office of Local Government (OLG).

### Can I report Fraud and Corruption anonymously?

Staff members may make anonymous allegations concerning fraud and corruption. This is not an encouraged practice, as anonymous allegations are difficult to pursue as generally further information is required.

Murray River Council does recognise that people have many reasons for remaining anonymous, and this should not eliminate these opportunities to prevent and/or detect fraud and corruption.

See Council's Internal Reporting (PID) Policy for further details.

### What protections are there if report Fraud and Corruption?

Under the Public Interest Disclosures Act 1994 (NSW) and Council's Internal Reporting (PID) policy, persons making public interest disclosures concerning corrupt conduct, maladministration, or serious or substantial waste of public money are entitled to protection against any reprisals or detrimental action in relation to the making of the protected disclosures.

It should be noted that protection is not available if the disclosure:

- ▶ is made frivolously or vexatiously
- ▶ primarily questions the merits of government policy, or
- ▶ is made in an attempt to avoid dismissal or disciplinary action.

See Council's Internal Reporting (PID) Policy for further details.

**5.11 RISK REGISTER REVIEW****File Number:** -**Author:** Sandra Gordon, Manager Governance & Risk**Authoriser:** Stephen Fernando, Director Corporate Services**RECOMMENDATION**

That the Strategic and Operational Risk Registers be noted

**DISCUSSION**

The risk registers were updated on the 28 June 2023.

**ATTACHMENTS**

1. **Strategic Risk Register** [!\[\]\(b6d55d0b173caf9b2505126db01e6158\_img.jpg\)](#) 
2. **Operational Risk Register** [!\[\]\(ef4c06c861a77cbd8cff5c2a4ca34233\_img.jpg\)](#) 

## Murray River Council Risk Register

28-Jun-23

## Strategic Risks

Risk Code	Primary Category / Sub Category	Risk Type	RISK IDENTIFICATION		
			Risk Issue	Causes	Consequences
				Inherent	Inherent
Risk-10015	5 Political	Strategic Risk	Meeting future needs in a changing environment - Inability of MRC to embrace change - political, technological	Meeting future needs in a changing environment	Cost and disruption of upgrading to new technology Change of focus of the State and Federal Government Need to inform/ education the community / users Internal and external uncertainty and ability to forward plan Financial sustainability issues (funding based on population, scale and capacity issues)
Risk-10010	2 Environment	Strategic Risk	Climate Change - Failure to address issues that arise as a result of changes in climatic conditions	Climate Change	More major environmental events - floods, fires, drought resulting in damage to infrastructure, displaced community members, diversion of staff, safety issues
Risk-10012	5 Political	Strategic Risk	Rural Decline - With the reduction in employment opportunities with MRC as a result of rural decline there will a negative impact.	Rural Decline	Rural properties need to be amalgamated to be profitable People leaving the Council area Decline of communities, schools and other services closing. Reduction of economic development opportunities - less attractive to new businesses Financial sustainability issues (funding based on population, scale and capacity issues)
Risk-10013	8 Workplace & Public Safety	Strategic Risk	Skilled Workforce - Difficulty in attracting and retaining skilled / qualified staff. Employees using MRC stepping stone to more preferred locations or pay increases	Difficulty in attracting and retaining skilled / qualified staff	Loss of Corporate knowledge Cost of training new employees Not attracting the best candidates MRC not an employer of choice Disruption to work teams Leading to inability to maintain standards/deliver services.
Risk-10014	5. Political	Strategic Risk	Inability to fund the core functions of Council	Small rate base Restrictions due to Rate Pegging	Reputational risk Reduced services and maintenance of key infrastructure Reduced workforce Need to apply for Special Rate Variations (SRV)
Risk-10200	4 Legal /Regulation	Strategic Risk	Loss of corporate knowledge	Legacy file structures in old records systems Turnover in key roles Lack of documented policy and procedures Lack of consistency in documentation Lack of recording in decision making Information stored in incorrect or inappropriate methods Information not received and processed by one central point	Poor or undocumented decision making Failure to comply with standards and regulations Impact on Council's reputation and brand Diminished service delivery Legal proceeding put in jeopardy due to lack of available information
Risk-10011	20. Community Expectations	Strategic Risk	Ageing Population - Additional services required within MRC to meet the needs of our ageing population	Ageing Population	Lack of suitable services within MRC to meet needs - doctors, hospitals, specialists, aged care living funding received inadequate to meet demand (Community Services funding) People leaving the Council area for areas with required high care services

Inherent				Revised				Projected			
Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating
4.00	4.00	16.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant
4.00	4.00	16.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant
3.00	5.00	15.00	Significant	2.00	4.00	8.00	Medium	2.00	3.00	6.00	Medium
4.00	3.00	12.00	Significant			8.00	Medium			6.00	Medium

Murray River Council Risk Register  
28-Jun-23

Operational Risks

Risk Code	Risk Issue	RISK IDENTIFICATION		
		Causes	Consequences	Existing Controls
		Inherent	Inherent	
Risk-10106	Cyber or viral attack on IT systems	Cyber attacks on IT systems	Major disruption to services Unauthorised access to information	
Risk-10077	Workplace incident/accident - motor vehicle	Travel between Council offices Travel to Council work sites Travel to meetings / conferences / training Hitting animals on the road Other drivers Fitness for work - fatigue, drugs and alcohol	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation Workers compensation claim	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10075	Workplace incident/accident - physical hazards	Exposure to: Vibration, Noise, Poor lighting, Trenching, Traffic Control, Confined Spaces Poorly ventilated workplaces Inadequate identification of confined spaces Unrestricted access to confined spaces	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation Low staff engagement level	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan
Risk-10078	Workplace incident/accident - Manual handling	Manual handling activities that include: repetitive or sustained application of force, repetitive or sustained awkward posture, repetitive or sustained movement, application of high force, exposure to sustained vibration	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10084	Workplace incident/accident - Plant and equipment	Lack of operator competency/training Damaged plant and equipment Lack of/inappropriate guarding Unrestricted access Poorly managed or maintained plant	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10079	Workplace incident/accident - airborne asbestos	Modifications on buildings built prior to Dec 2003 Accepting of asbestos waste at landfill operations Naturally occurring asbestos in LG area	Fines Costs to rectify Injury/illness or death	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10082	Workplace incident/accident - biological hazards	- Exposure to: Viruses / Bacteria / Mould / Fungi, Dust, Pollen, Animal and Insect excreta, contaminated body fluids, Contaminated air - First aid activities - Working in sewerage plants - Discarded needles	- Injury/illness or death - Financial Impact - Reputation damage - Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10098	Missing community grants/funding opportunities	Projects not being 'shovel ready' Matched funding not budgeted for Inadequate business case Opportunities to secure grants/funding missed	Loss of community confidence Adverse publicity in local community Services unable to be delivered Opportunities for new or upgrades to facilities	- Grants Officer appointed
Risk-10086	Workplace incident/accident - Firearms and weapons	Misuse of firearms in the workplace Damaged firearms Poor maintenance/no maintenance of firearms	Injury/illness or death Reputation damage Increase in insurance premiums	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10080	Workplace incident/accident - Fitness for work	Use of drugs and/or alcohol in the workplace Fatigue Worker attending work under the influence of drugs and/or alcohol (incl prescription)	Injury/illness or death Financial Impact Reputational damage Increase in insurance premiums Litigation Low staff engagement level	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10076	Workplace incident/accident - working at heights	Working close to an edge unprotected Unsuitable working environment - slippery roof, adverse weather conditions Unsecured equipment Inappropriate use of access and/or fall arrest equipment Faulty, poorly maintained or inappropriate use of: ladders, scaffold, EWP, harnesses and lanyards, anchor points	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation Low staff engagement level	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure - Managing Heat Procedure
Risk-10081	Workplace incident/accident - chemical hazards	Exposure to: Fumes/ Vapours / Gases, Acids and Solvents, Flammable liquids and solids, Oxidizing Agents, Fire and/or explosion through incorrect storage, handling, labeling or mixing of chemicals New chemicals with uncertain properties arising from research	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10139	Plant and equipment unfit for purpose	Plant defects no detected Plant defects not rectified Plant ordered with incorrect specifications	Injury/illness or death to staff and/or public Disruption of service Increase cost	
Risk-10171	Major sewerage infrastructure blockage, overflow or failure		Disruption to service Health and /or environmental damage Property damage Litigation Financial loss	
Risk-10120	Use of unfit for purpose re-claimed water on public spaces	Incorrect application of water	Health issues Litigation Environmental breaches or damage	
Risk-10097	IT infrastructure failure	Natural or malicious events	Disruption to service Damage to reputation	
Risk-10196	Workplace incident/accident - workplace violence	Working alone, in isolation or in a remote area with the inability to call for assistance Working offsite or in the community Working in unpredictable environments Communicating face-to-face with customers Handling cash Providing care/support to people who are in distress, afraid or ill Service methods that cause frustration, resentment or	Workers Compensation claim Death, injury or illness Disruption to service delivery	
Risk-10107	Workplace Incident/Accident - Animal handling	Ranger duties to deal with companion animals Stock control Dangerous animals in LG Area Procedures to capture and impound animals	Worker sustains injury/illness or death	

Risk-10108	Breach of Local Government Act - Asset Management	Inconsistent and non integrated asset policies, procedures, plans and strategies Inconsistent quality and missing asset information Lack of integration of asset and mapping systems Inadequate asset management software	Unsustainable maintenance costs of assets Disruption to service delivery	
Risk-10051	Low staff engagement levels	Poor internal communication Staff cultural barriers Uncertainty of role requirements Absence of reward and recognition in the workplace Environment of change and uncertainty	Staff turnover above industry average Inability to deliver core services Inability to meet strategic priorities High level of sick leave Increase in workers compensation claims	
Risk-10136	Agricultural Disease (Animal/Plant) in Local Government Area	Spread of disease in LG area People bringing infected animals/plants into LG area	Spread of a communicable disease or infestation Loss of crops and/or stock	
Risk-10123	Maintaining transport infrastructure (roads, bridges, footpaths etc) to a satisfactory level	Insufficient funds allocated for roads/infrastructure maintenance Minor road condition unable to be maintained at satisfactory level Road asset defect not detected or properly acted upon by Council	Severe failure of asset Disruption to critical functions Increased financial cost in the future Escalating customer complaints Loss of public confidence Reputation damage Increase in number of road accidents	
Risk-10206	Project Management processes inadequate	Costings and estimates inadequate (business case not developed) Project actual costs not monitored against budget Funding withdrawn - non compliance with funding agreements Claims for reimbursement from funding bodies not submitted	Project overruns Reallocated of funding from other service units	
Risk-10132	Vehicle accident - A major vehicle accident that affects road and rail transport routes	Major vehicle accident on roads in the local government area	Movement of traffic severely restricted Restricted supply routes Prolonged loss of access to and from the area	
Risk-10129	Major fire in residential and industrial area	Major fire in residential area	Localised or widespread damage	
Risk-10174	Accidents on Council managed roads	Poor road geometry Inadequate intersection lighting Poor/absent signage	Litigation against Council	
Risk-10085	Workplace incident/accident - psycho-social hazards	Workplace Bullying and Harassment Poor/no induction and additional training Over or under work loads Inappropriate work assignments Violence (domestic/occupational)	Injury/illness or death Financial Impact Reputational damage Increase in insurance premiums Litigation Turnover above industry average	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10074	Workplace incident/accident - adverse weather conditions	Working outdoors	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure - Managing Heat Procedure
Risk-10217	Inadequate protection of workers - PPE	Inadequate protection from UV exposure PPE not being used correctly	Injuries to employees Lost time and therefore cost to Council Increase in WorkCover premiums	
Risk-10090	Capacity to provide adequate after hours service	On call planning Unplanned staff leave Availability of staff	Increase customer complaints Loss of reputation Loss of public confidence Disruption to service	
Risk-10047	Inability to attract suitably qualified and experienced staff	Competition with external labour market Limited availability of accommodation (in some work locations) Declining population (in some areas) Remuneration offered by Council Shortage of specific partitioners (eg town planners)	Inability to deliver on strategic priorities Unplanned restrictions on delivery of some core services Higher than normal customer complaints Need to engage contractors at add cost	Offering traineeships and cadetships to grown our own Offering market allowances to secure suitably qualified and experienced staff
Risk-10024	Insurance cover inadequate Council has to pay for / top up insurance claim	Insufficient insurance cover Level of building/contents insurance coverage as compared to replacement value Lack of appropriate records Failure to regularly review and update insurance cover Failure to notify relevant incidents internally and to insurer Lack of escalation procedure Insurer doesn't accept the claim	Financial loss Loss of assets	Level and types of insurance cover signed off by Directors and/or MANEX Insurance register
Risk-10199	Fraud - Rates Payments Misappropriated	Incorrect processing of rates payments Intentional misallocation of payments False information on pensioner applications	Financial cost Financial loss Reputation damage Disruption to services	
Risk-10169	Power outage (extended)	Bush fire Natural event Vandalism	Disruption/loss of services Health or environmental issues Property damage Litigation Financial loss	
Risk-10058	Under performance or poor behaviour of staff	Ability of front line leaders to step up in taking responsibilities Annual reviews not undertaken Probation reviews not completed Induction process not completed Staff not following policy and procedures Uncertainty/lack of clarity in role	Disruption to providing core services Lost productivity in workplace Increase in employee complaints Legal action Low staff engagement	
Risk-10105	Use of personal devices	Staff using personal devices to access Council systems Limitations on budget for allocation of Council IT equipment	Damage to IT systems Unauthorised access to Council data Cyber Attack resulting in disruption to services Data breaches	
Risk-10145	Low customer satisfaction level - Customer Service	Insufficient training for customer service staff Lack of quick and easy access to reliable information Information on Council's website and in Council's documents are out of date and not reviewed regularly Availability of back up customer service staff In/out boards not up to date Phone system limitations	Customer dissatisfaction Increasing number of customer complaints Legal disputes Adverse publicity at local level	

Risk-10083	Workplace incident/accident - ergonomic hazards	Poor design of work space Poor design of equipment Poor manual handling techniques	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums Litigation	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan - Fit for Work Policy & Procedure
Risk-10072	Liability for contractor incidents/injuries	Council engages a contractor without the appropriate qualifications/licences and insurance	Financial loss Control found liable	Preferred suppliers procedure and register
Risk-10178	Unsafe water quality in a Council swimming pool (Mathoura or Moama)	- Inadequate pool filtration systems - Inadequate chlorination / Incorrect pH levels / alkalinity of the water - Algae or faeces in the water	Public health issue - illness of users of the swimming pool Insurance claim	
Risk-10290	- widespread closure of Council facilities - Unable to provide core services - significant staff shortages - mental health concerns in employees - unable to source goods and services	Serious health warnings Border closures Not returning to BAU post pandemic	Office Closures Working from Home for staff	
Risk-10116	Loss of telemetry system		Environmental or health issues Disruption to supply	
Risk-10219	Lack of security at landfill	- Inadequate fencing on landfill sites resulting in illegal dumping and access	- Contamination of waste cells - Asbestos and other dangerous materials not handled correctly	
Risk-10282	Business Continuity and Emergency Management Plan insufficient	- Need BCP Policy Procedure and other documents - Business Impact Analysis (BIA) not complete (include recovery times and identification of key IT systems that support critical business functions) - Scenario testing not undertaken or only partial done		conducting a performance audit on 'Business continuity and disaster recovery planning conduct a performance audit on whole-of-business emergency planning and responses Incorporate key third parties who support or contribute to critical business functions in
Risk-10283	SWMS and procedures for High Risk Activities to be implemented			
Risk-10291	Pandemic (Community) - widespread closure of businesses - Unable to provide essential activities - elderly & Vulnerable at risk - restriction on movements of people			
Risk-10128	Major fire in bush or grassland area	Fire in Local Government Area Periods of extreme heat and wind in Local Government Area	Localised or widespread damage Disruption to services Financial cost to Council through providing resources	
Risk-10050	Staff are absent for extended periods due to work related injury	Poor management of return to work program Recovery time from medical treatments/procedures Insufficient suitable duties offered	Increased workers compensation premium Reputation damage	
Risk-10055	Critical roles are vacant for extended periods	Delays in recruiting staff into key positions caused by external market factors Management not prompting responding to vacant positions/resignations	Inability to deliver on strategic priorities Inability to deliver core services	
Risk-10163	Theft of monies	Misappropriation of cash Lack of cash monitoring controls	Financial loss Reputation loss	
Risk-10164	Stores inventory levels not maintained - under or over supply	Under delivery Over ordering of stores items Unauthorised access to stores Lack of predetermined stores inventory levels	Financial cost Financial loss Reputation damage Disruption to services	
Risk-10126	Severe storm	Storm with accompanying lightning, hail, wind and/or rain	Disruption to a number of services Temporary relocation of staff Damage/failure of Council asset	
Risk-10048	Turnover of staff in critical roles	Competition with external labour market Declining population in some areas Remuneration offered by Council Ageing workers	Staff turnover above industry average Unable to maintain standards/deliver core services Loss of important corporate knowledge Additional training costs	
Risk-10062	Loss of information	Amalgamation of systems Software/system updates Information stored in different locations/software Photographic data stored in alternate location to CM9 Lack of version control Change in legislation and/or regulation not identified or addressed	Loss of corporate information Legal issues - Records outside CM9 cannot be validated Disruption to core services Legislative non-compliance	
Risk-10022	Non-compliance with legislation (Work, Health and Safety Act 2011)	Work Health and Safety system is not updated regularly Changes to WHS legislation and regulations Failure to consult with staff on WHS matters	Injury/illness or death Financial impact Reputation damage Increase in insurance premiums Litigation	SWMS Policy and Procedures Toolbox talks Risk Assessments
Risk-10187	Injury/illness or property damage to users of Council's recreational spaces	Inadequately designed skate parks Excessive dry/wet weather Damaged play equipment Non-compliant play equipment Inconsistent service delivery standards for neighbourhood parks Contaminated recycled water	Injury/illness or death of user Property damage Insurance claim Adverse publicity at local level Increase customer complaints Damage to environment	
Risk-10308	Section 355 Committees	Lack of governance and oversight of these Committees	Exposes Council to the various risks - injury to volunteer, legislative breaches - WWCC, Procurement, Fraud etc Volunteers undertaking high risk activities without risk assessments	Section 355 Policy and Guidelines
Risk-10307	Water Wells - manual access	High risk activity by manually accessing well shafts		
Risk-10200	Loss of corporate knowledge	Legacy file structures in old records systems Turnover in key roles Lack of documented policy and procedures Lack of consistency in documentation Lack of recording in decision making Information stored in incorrect or inappropriate methods	Poor or undocumented decision making Failure to comply with standards and regulations Impact on Council's reputation and brand Diminished service delivery Legal proceeding put in jeopardy due to lack of available information	
Risk-10166	Asset defect, failure or reduced life of asset	Inadequate / poor quality of materials used Incorrect engineering advice Errors in design Inconsistent survey and design policies and procedures Insufficient funds allocated for maintenance Asset defect not detected or properly acted upon by Council	Financial loss Injury Property damage Disruption to services Increased maintenance costs Legal action	
Risk-10117	Contamination of water supply	Gas or chemical leakage Unauthorised access to Council's water treatment facilities	Environmental and health issues Disruption to supply Reputation damage	
Risk-10118	Water storage supply in major storage's fall to critical levels	Reduced rainfall Increase demand	Water shortages Increase customer complaints Loss of confidence	
Risk-10100	IT infrastructure not meeting ongoing business needs	Lack of planning for future needs Budget capacity	Reduced efficiency Poor service Disruption to delivery of services	

Risk-10170	Gas/chemical leak/exposure of leachate to the environment	Chlorine leak at water treatment plant Vandalism Natural events Incorrect construction of cells in waste facilities	Public health issues Environmental impact Equipment damage Disruption to services Remediation costs Closure of site Fines	
Risk-10172	Storm water system failure or lack of capacity		Property damage Injury	
Risk-10104	Changes in technology	Changes in landscape of IT Outdated equipment/software	Loss of information Disruption to services	
Risk-10101	Non-compliance with software licencing	Unauthorised access of software Downloading and installing unlicensed software	Legal action Fines	
Risk-10184	Tree or branch of tree falls (where tree is on Council owned land)	Inadequate tree management policies and guidelines Inadequate plant and equipment to maintain trees Absence of data on trees Heavy reliance on external resources for arborist tree advice and assessment Inability to implement a proactive approach to tree risk management Weather events	Insurance claims Injury to public/staff Disruption to services Increase costs Damage to individual's property - cars, houses	
Risk-10073	Workplace incident/accident - electrical hazards	Use of faulty equipment/appliances Use of uncertified equipment/appliances Incorrect and/or faulty electrical installation Switchboards	Injury/illness or death Financial Impact Reputation damage Increase in insurance premiums <del>Litigation</del>	- Work Health & Safety Policy and Safety Plan - Risk Management Policy & Risk Management Plan
Risk-10167	Workplace Incident/Accident - Lifting equipment	Equipment not used in a safe manner Poor/no maintenance of equipment	Injury/illness or death	
Risk-10189	Person suffers injury/illness as a result of using Council owned public amenities	Availability of cleaning maintenance contractors to provide cleaning services Ageing facilities Open times of amenities	Injury/illness Insurance claim Financial cost	
Risk-10185	Drowning or injury in watercourse or drainage facility at Council park or reserve	Public access to waterways Water activities in warmer months Lack of signage warning of risks	Injury or death to member of public Insurance claim	
Risk-10060	Staff complaint /grievance	Staff member disagree with a decision that has been made Incorrect application of Award and/or legislation Behaviour of co-workers/manager	Inability to deliver some core services Unproductive work group Industrial dispute Legal action	
Risk-10149	Non-compliance with legislation (Local Government Act) in relation to procurement	Varying approach to purchasing, contracts across the organisation	Fraud Fine Disruption to service	
Risk-10150	Poorly drafted Tender and contract documentation	Content not revised for each new contract Lack of Tender, quotation and contract templates	Financial liability Disruption to service	
Risk-10154	Failure to deliver projects (on time / on budget / on scope / required quality)	Absence of organisational project management framework Inconsistent management and reporting of Council's projects Project risk assessment not undertaken External dependencies Projects - cost overruns	Financial impact Reputation damage Quality issues	
Risk-10140	Fleet efficiency and utilisation	Poor planning of works schedule Inadequate oversight of plant and fleet performance Inconsistency in plant and vehicle replacement cycles Operator treatment of plant and equipment Planned maintenance program	Financial cost to Council Disruption to service delivery Increase customer complaints	
Risk-10188	Loss of waste management/landfill licence	Contamination from unlined cells Dumping of too much waste	Closure of site Fines Disruption to service Public health issues	
Risk-10094	Downturn in local tourism industry	Natural events, disasters Marketing initiatives fail to resonate with potential tourism markets	Financial loss for community	
Risk-10143	Failure of levee banks	Inadequate flood levee bank design levels	Isolation of community Disruption to services	
Risk-10124	Flood (Flash) - Excessive localised flooding with minimal warning time	Heavy rainfall	Disruption to services Temporary relocation of staff	
Risk-10125	Flood (Riverine) - River flows exceed the capacity of normal river systems	Excessive rain Excessive water upstream	Disruption to services Temporary displacement of staff Damage to property Loss of life <del>Isolation of communities</del>	
Risk-10190	Time taken for development approval exceeds 40 days, time taken for integrated development approval exceeds 60 days	Changes in economic conditions Changes in legislation Unexpected significant increase in applications	Delays in service delivery Increasing customer complaints Financial impacts Reputation damage	
Risk-10065	Unauthorised access of information	Insufficient securities in place Amalgamation of two systems mapping Legacy data Confidential information stored in shared drives	Disruption to core services Legislative non-compliance Reputation damage Break of privacy legislation	- Code of Conduct - CM9 security employed/appropriate level depending on position requirements - IT and Records Management Policies
Risk-10168	Non-compliance with legislation (Work Health and Safety (Mines and Petroleum Sites) Act 2013) in relation to the management of quarries	No one at Council holds a valid practicing certificate	Reputation risk Fine or litigation	
Risk-10155	Non-compliance with legislation (across all functions of Council)	Ineffective Legislative Compliance Policy	Reputation damage Fines	
Risk-10102	Software not meeting business needs	Lack of business case for purchase of software Changing needs of the organisation	Reduced efficiency Disruption to services	
Risk-10052	Non-compliance with anti-discrimination, diversity and equity legislation	Discrimination or perceived discrimination in the selection process Appointments not made on merit <del>Taking more than the combined total of water in the water allocation accounts for all licences held.</del>	Legal action Reputation damage Staff turnover above industry average <del>Extended periods to fill positions</del>	Disability Inclusion Plan actions implemented
Risk-10119	Breach of water licence	Taking water when not authorised by a licence Constructing or using works or using water when not authorised by an approval Interfere with, damage, destroy or disconnect any metering equipment <del>Take water from a metered supply if the meter isn't working</del>	Fines	
Risk-10211	Inadequate debt collection processes	High level of doubtful debts - failure to collect cash payment for private works Debt collection processes not followed - 30 day terms	Financial loss Cashflow issues	
Risk-10203	Unpaid rates	Late Payments Individuals capacity to make payments	Financial loss	



Risk-10209	Accounts Payable - Fraud	Lack of separation of duties False notifications of changes to bank account Delegations not adhered to Duplicate payments - processing in two locations <del>Payments made to wrong creditors</del>	Financial loss	- adequate checks and balances in place to ensure the validity of claims - segregation of duties - claims not paid without review and authorisation - regular bank reconciliation performed <del>transactions validated by supporting documentation</del>
Risk-10113	Damage/failure of water and sewer structures and treatment plants	Natural events - bushfire, windstorm, rainstorm Vandalism Security of water and waste water facilities	Disruption to service Financial loss Property damage <del>Increasing customer complaints</del>	
Risk-10157	Conflict of interest - Councillor	Misunderstanding of responsibilities under Code of Conduct Failure to declare Lack of training	Reputation damage Sanctions Suspension/dismissal of Councillors	
Risk-10156	Conflict of interest - staff	Unfamiliar/misunderstanding of responsibilities under code of conduct Lack of training	Reputation damage Legal sanctions Dismissal of staff	
Risk-10091	Non-compliance with legislation (Local Government Act 1993) in relation to enforcement	Human error when issuing notices and/or orders Lack of templates Changes to legislation	Reputation damage Inability to prosecute Legal action Financial loss Environmental damage	
Risk-10103	Duplication of data within different information systems and software	Different software solutions containing same data that do not interface Uncertainty of source of truth Lack of version control	Poor decision making Failure to meet/submit priorities, deadlines or reports Time wasting through incorrect information	
Risk-10158	Engagement of unsuitable contractors/suppliers	Lack of due diligence on potential contractors/suppliers Failure to adhere to Procurement Policy	Non-compliance with legislation Fines and litigation Reputation damage	
Risk-10115	Water loss in the network	Failure of meters due to ageing infrastructure Performance issues with meters Public illegally using or accessing the water system	Loss of revenue Reputation damage Customer complaints	
Risk-10173	Drainage systems not covered by legal instruments		Litigation against Council for loss of development potential Damage to current properties	
Risk-10160	Non-compliance with legislation (Privacy and Personal Information Protection Act 1998)	Unauthorised access to personnel information Release of personal information to external parties	Legal action Fines Damage to reputation	
Risk-10186	Injury to user of Council's playground equipment	Playground equipment is not maintained correctly Non-compliant play equipment Implementing and managing the constant changes in legislation for playgrounds Regular inspections not completed Staff not adequately trained to complete inspections	Injury or death of member of public Insurance claim Failure of asset Temporary shutdown of playground area	
Risk-10195	Council's website outage	Hacker attacks Viral traffic Deliberate DDOS attacks Data center failure A minor mistake in your website's code Scheduled server maintenance by your web host Malicious internal user	Increasing customer complaints Financial cost	
Risk-10144	Critical shortage of gravel	Supply of gravel resources locally Competition with other business for access to local gravel resources <del>Finite resource availability</del>	Increased costs for renewal/maintenance cost of roads Increase in travel time to obtain required materials Disruption to services	
Risk-10121	Damage or vandalism to Council plant, equipment or materials	Inconsistency in lease back vehicle arrangements Public access to Council equipment and materials Dry Hire practices Trespassing Lack of operator competency Operator behaviour	Financial loss Disruption to service delivery Minor loss or damage to property	Security at Depots
Risk-10095	Population decline in Local Government Area	Ageing population Lack of job opportunities within LG Area Changes to farming sector	Financial loss to Council Breakdown of community Loss of services	
Risk-10152	Council projects are not aligned with the strategic plan	Projects do not have a detailed business case Lack of review of the business case against the strategy Changes in the strategic plan	Financial impact Loss of confidence of community	
Risk-10089	Capacity to impound stock	No stock carrying trailer No operational stockyards	Service delay/disruption Reputation damage	
Risk-10214	Industrial action	Employee dissatisfaction results in industrial action	Reduced services - internal and external Reputation damage Inability to pay employees	
Risk-10181	Critical shortage in cemetery capacity	Reduction in available interment spaces Inconsistent interment records Number of actual burials vs planned burials Trends in burials and cremations Increasing interment request from outside Murray River Council Local Government Area	Loss of public confidence Adverse publicity and media reporting Disruption to service delivery	
Risk-10061	Fire in a Council waste facility	Incorrect/illegal dumping in waste facilities Green waste Poor coverage of landfill face	Injury/illness or death Financial impact Reputational damage Increase in insurance premiums Litigation Low staff engagement level	
Risk-10192	Incorrect or invalid planning determination and/or certificates	Different charges for different localities of Council Lack of training Challenges of determining non-standard development Out of date flood information Property data is not current and/or valid <del>Errors in assessment process</del>	Financial loss Damage to reputation Civil action Legal challenge Environmental impact <del>Loss of public confidence</del>	
Risk-10165	Inability to source required plant or vehicle	Availability of plant and vehicles in the market Vehicle and plant replacement timing	Disruption to service Increase costs	
Risk-10093	Poor execution of Council managed community events	Insufficient planning of event Weather events Lack of internal knowledge on event planning	Reputation loss Financial loss	
Risk-10071	Fraud - Insurance Claims	Failure to notify relevant individuals internally and to insurer	Financial loss Reputation damage Criminal charges and dismissal	All accidents/incidents and near misses undergo an investigation
Risk-10213	Fraud - Payroll	Ghost Employees Payment of unauthorised overtime Manipulation of Masterfile information Timesheets - no requirement to submit - overpayment of self or other each pay period - Re-direct employee's normal pay when resigned or on LWOP - <del>Paying higher rates of pay than in PDs</del>	Financial loss Reputation damage Criminal charges and dismissal	- Following documented procedures on changes to the Payroll masterfile - Council policies and Procedures available to all - copies of original documentation required to verify personal details of new staff - comparing bank details to payroll records - through reference checks on new starters prior to appointment - regular management reviews of major cost fluctuations - <del>Changes to Mastefile checked by separate person</del>
Risk-10255	Theft of cash	- Lack of controls and segregation of duties - Training	Financial loss Reputation damage Criminal charges and dismissal	- Cash Handling Procedures - segregation of duties - adequate physical security over cash holdings (access to safes, petty cash and cash drawers) - adequacy and validity of petty cash and other claims - regular reconciliations - restricted of access to areas where cash is held
Risk-10137	Hazardous material released in Local Government Area	Hazardous material released in LG Area	Environmental damage Financial cost	

Risk-10088	Inadequate security at Pound Operations	Storm, fire, vandalism or break in at Council's pound facilities	Disruption to service Costs for repair Insurance claim	
Risk-10177	Deceased interred in incorrect burial plat	Errors or negligence on part of funeral directors and/or records management Inconsistent cemetery records Inconsistent cemetery operating processes Difficulty in assessing historical cemetery records Unmarked/unidentified graves	Damage to Council's reputation	
Risk-10263	Accounts Receivable - Fraud	- Writing off staff debts	- Financial loss by Council	- All managers sign the Code of Conduct - Delegations of Authority (CEO to Employees) Policy - inc purchasing thresholds - Segregation of duties
Risk-10262	Procurement - Fraud	- Unauthorised transactions or recorded for incorrect sums - Products can be ordered (purchase orders written) without endorsement by a Manager or above - Employee using position to order goods and services for personal use	- Financial loss by Council	- Seperation of duties - Delegations of Authority (CEO to Employees) Policy - inc purchasing thresholds
Risk-10278	Selling, leaking or misusing information Manipulating corporate and client information		- Disiplinary action - reputational damage	- Code of Conduct - Sound security maintained for sensitive and/or confidential information - Confidential files locked up when not in use - CM9 security employed/ appropriate level depending on position requirements - Appropriate and timely storage or disposal of sensitive and confidential information <del>IT and Records Management Policies</del>
Risk-10251	Falsifying working papers / manipulating figures in management and financial reports		- Annual Reports - CM9 records - other documents	- Segregation of duties - Internal & External review of documents (ELT/A&RC/Auditors) - Records Management security - Conflicts of interest are declared and registered. - Conflicts of interest are managed appropriately/independent decision-making
Risk-10254	Payments to contractors / consultants when work not performed or not performed satisfactorily			
Risk-10264	Equipment stolen or borrowed without permission			#NAME?
Risk-10265	Unauthorised use of cars/fuel cards/fuel			
Risk-10266	Excessive private use of office equipment eg phones and copiers Using office resources to run a private business			
Risk-10268	False travel / expense claims			
Risk-10270	Bribe accepted form clients, consultants or other service providers - eg gifts, cash, event tickets and accommodation			
Risk-10271	- Running a private business in office time - Running a private business/second job without permission			
Risk-10272	Fraudulent claim for Workers Compensation	- Poor RTW processes		
Risk-10273	False performance appraisal	- Collusion between employees		
Risk-10276	Misrepresentation of Council by expressing personal views in correspondence or verbal conversations			- Disclaimers on all Council email signatures - IT policies signed off on - Appropriate level of computer access for each position
Risk-10267	Fraud resulting from loss of data following a disaster or accident - theft of assets not recorded			
Risk-10130	Bridge collapse - Major bridge	Failure of bridge structure with or without warning owing to structure failure or as a result of external/internal events or other hazards/incidents	Movement of traffic severely restricted Restriction of supply routes Disruption to services	
Risk-10122	Connectivity to data networks across local government area inadequate	Availability of mobile signal away from populated areas Requirements of the software/device exceed capabilities of mobile signal connection	Minor disruption to functions for minimal period Failure to meet one or more deadlines Escalating customer complaints	
Risk-10304	Privileged Users status misused / Password sharing	exposes Council to the risk of fraud comprises data integrity and confidentiality increases the risk of unauthorised and invalid transactions increases the risk of dormant user profiles, particularly high-level profiles, being used for cyber-attacks or other illegal activity. - risk of unauthorised changes to systems and data by these users, or by cyber criminals using their login details	exposes Council to the risk of fraud comprises data integrity and confidentiality increases the risk of unauthorised and invalid transactions increases the risk of dormant user profiles, particularly high-level profiles, being used for cyber-attacks or other illegal activity.	- Passwords required - Access to programs/modules of sensitive programs are restricted to the requirement as outlined in Position Description
Risk-10294	Managing contracts	- not capturing all contracts in the contracts register - not including all relevant contract details. - Contracts Registers not reviewed on a regular basis		monitor contract end dates, contract extensions and commence new procurement.

Risk-10295	Procurement	requirements of the GIPPA and LG Act and Regulations - not conducting value for money assessments prior to renewing or extending the contract with their existing supplier - not obtaining approval from a delegated authority to commence the procurement process - procurement documentation not specifying certain key details such as the conditions for participation including any		Ensure tender evaluation committees are established to oversee major procurement and that members have declared conflicts of interest, including nil declarations, and that those committees prepare tender evaluation plans and evaluation reports.
Risk-10296	Procurement in emergency situations	- procurement policy and manual do not define an emergency situation, specify who can approve emergency procurement and capture other key requirements		
Risk-10298	Corporate Documents - Policies, Procedures, strategies, Plans not reviewed and updated	- scheduled review date - clear ownership - oversight by designated person - protection to preserve integrity		
Risk-10299	Non-compliance with Accounting Standards / Qualified Financial Statements	- not performing a timely and detailed assessment of the impact of the new accounting standards - Inadequate legislative compliance processes and assessment of relevant legislative requirements before approving transactions - Lack of timely and robust assessments with detailed documentation to support the application of the Australian Accounting Standards Asset revaluations not completed in the correct timeframe		
Risk-10300	Non-compliance with Accounting Standards - Fair Value	Data quality issues could create a risk of material misstatement to the agency's financial statements. Lack of fair value assessments increases the risk of a material misstatement in the agency financial statements and		
Risk-10301	Leases - contracts inadequate or unworkable	differences between recorded data and the key terms and conditions in the underlying contracts, including lease payments, lease terms and extension options. Inaccurate data may render Council unable to effectively manage its portfolio of leases.		
Risk-10303	Document retention	Lack of retention of documents to evidence performance of key control activities. Reduced compliance with state records legislation.		
Risk-10131	Bridge collapse - Council controlled bridge	Failure of a Council controlled bridge structure with or without warning owing to structural failure or as a result of external/internal events or other hazards/incidents.	Movement of traffic severely restricted Restriction of supply routes Protracted loss of access to and from the area	
Risk-10297	Delegations of Authority inadequate - too restrictive /limited to ELT	- delegations do not capture all key functions or laws and regulations - do not clearly specify the relevant power or function being conferred on the officer. <del>not updated to reflect changes and their current organisational</del>	- non compliance to legislation - confusion and inaction	Delegations of Authority (CEO to Employees) Policy
Risk-10159	Non-compliance with legislation (Government Information (Public Access) Act 2009)	Unauthorised access to information Misuse of corporate information	Penalties under GIPPA legislation Legal action Fines Damage to reputation	
Risk-10067	Non-compliance with legislation (State Records Act 1998 (NSW))	Records kept in sub-standard conditions Hard copies incorrectly destroyed or incorrectly archived Information in other business systems not identified or managed appropriately Changes in legislation <del>Inappropriate disposal of information</del>	Breach of relevant legislation Financial impact Reputation damage Loss of vital records	
Risk-10179	Council swimming pool leak	Identified weakness in swimming pool structure Errors in structural design Cracking from thermal or shrinkage stresses Improperly sealed working joints <del>Weak porous or honeycombed concrete</del>	Shutdown of pool Costs for repairs	
Risk-10191	Child drowns in Council identified non-compliant home swimming pool	Council inspected and failed to follow up on non-compliant pool Poor record keeping	Legal action Damage to reputation	
Risk-10176	Waste not collected on time	Dispute with Contractor Driver strike Bankruptcy of contractor	Damage to reputation Disruption to services Environmental impact	
Risk-10049	Staff professional certification lapses	Failure to obtain sufficient continuing professional development points Failure to submit accreditation work on time Did not receive renewal notice reminder	Unable to deliver on strategic priorities Unable to deliver core services Potential non-compliance with relevant legislation	
Risk-10138	Key supplier cannot/fails to deliver	Supplier unable to provide delivery and maintenance of fleet Inability to engage suitably qualified local contractors	<del>Possible health risks</del> Unavailability of materials to complete works Service disruption Increase in costs <del>Increase customer complaints</del>	
Risk-10161	Copyright infringement	Staff publishes content (or digital assets) that infringes copyright (or agreed/licenced digital rights) Website provides information that infringes copyright Information stored in records system that infringes copyright	Legal proceedings fines	
Risk-10210	Accounts Payable - Loss of Suppliers	Delays in processing payments - failure to meet terms of payment Invoices misplaced by Council or held by officers Insufficient funds available - cashflow mismanagement	Increase costs Need to source other suppliers of goods Delays in projects	
Risk-10208	Default on Council provided Loan	Lending of money without the appropriate guarantees or checks	Financial loss	
Risk-10205	Striking of rates	Error in levying rates and charges Non-compliance with LG rules	Negative effect on cashflow Ratepayer dissatisfaction Loss of public confidence	
Risk-10045	Non-compliance with animal management legislation (Companion Animal (NSW), Impounding Act (NSW))	Failure to correctly enter details when accepting animal at pound Lack of central point to record information Inadequate pound facilities Limited animal management administration assistance Incorrect capturing of data of animal management incidents and enquiries	Incurred liability or inability to recover costs	
Risk-10059	Staff employed without capacity to fulfill inherent requirements of the role	Pre-employment medicals not undertaken Pre-employment medical information not considered in appointment decision Changes to inherent requirements of role due to transfer Changes to inherent requirements of role due to organisational change/restructure	Inability to deliver some core services Lost productivity in workplace Increase in workers compensation claims Increase in workers compensation premiums	
Risk-10111	Substantial loss loose and small tools	Allocation of loose and small tools not being accurately recorded and monitored	Financial loss	
Risk-10133	Aircraft accident in Local Government Area	Aircraft crashes in LG area	Fatalities, injuries Damage to property	

Risk-10134	Waterways accident	A major accident occurs on waterways in LG Area	Environmental damage Major recovery operation Injury/illness or death of public	
Risk-10054	New employees not selected on merit	Absence of recruitment process Unclear selection criteria	Employee/applicant complaints Legal action	
Risk-10057	Council employs staff who do not have appropriate qualifications, skills and experience	Failure to conduct police checks Failure to confirm professional certification/qualifications Failure to complete end of probation process	Complaints and industrial action Legal action Inability to deliver some core services Inability to deliver on same strategic priorities Financial costs for rehiring and training	
Risk-10096	Inappropriate use of Council IT systems and equipment	Staff accessing inappropriate websites Staff sending inappropriate emails	Damage to reputation Legal action	
Risk-10175	Critical shortage of landfill capacity (changes to Waste facilities in process - review)	- Change in waste disposal volume - Increase volumes of waste received from interstate locations - Low levels of recyclable materials being placed in recycling bins - Growing population - Limited market for recyclable materials (volume and distance to market)	- Increased disposal needs for transfer stations - Increase costs - Environmental impact	
Risk-10194	Loss of domain name	Expiry of domain name Unpaid renewal of account		
Risk-10127	Earthquake of significant strength	Earthquake of significant strength	Disruption to services Failure of asset Limited relocation of staff	
Risk-10280	- Refusal by key management personnel to submit mandatory returns and declarations (Conflict of Interest/Related Parties) - Information in returns and declaration is false or incomplete - Returns and declarations not submitted by the deadline			- Related Parties Register - Conflict of Interest Register - Code of Conduct Policy and Procedures
Risk-10053	Non-compliance with industrial legislation and industrial instruments	Incorrect interpretation of Award Update of Award and/or Acts not implemented Failure to consult with workforce	Increase employee grievances Industrial disputes Legal action	Policies and Procedures in place
Risk-10056	Council employs staff without right to work in Australia	Council employs someone who has falsified or misrepresented their right to work in Australia Not checking applicants right to work in Australia	Fines Financial impact for additional recruitment process	
Risk-10207	Poor investment strategy and procedures	Lack of cashflow planning and having to break investments shorter investment term - lower interest rates not investing surplus money - receive at-call rate misappropriation of funds by fraud - giving incorrect account details	Reduced cashflow	
Risk-10029	Civica property and rating data not linked to GIS (GIS and Mapping)	System not set up properly or incorrectly Insufficient resources allocated Not a priority of Council inefficient	Inefficient work practises Unable to identify properties and owners	

EVALUATION												Solutions			
Inherent Risk				Revised Risk				Projected Risk				Date Added	Last Update/Reviewed	Risk Action Title	Progress Comments
Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating				
5.00	4.00	20.00	High	4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022		2023 Cyber Security review to be undertaken and an Action Plan developed to address the findings ARIC Internal Review topic for 2023
4.00	5.00	20.00	High	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
4.00	5.00	20.00	High	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Confined spaces emergency training Task - Develop confined space entry permit procedure Task - Develop confined spaces register Task - Review and update safe work method statements/procedures	Procedures have or are currently being developed and adopted
4.00	5.00	20.00	High	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
4.00	5.00	20.00	High	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Develop annual training plan to ensure currently competency of all operators Task - Finalise Training needs analysis for work health and safety training Task - Review safe work method statements for relevant tasks	SOPS & Procedures have or are currently being developed and adopted Training matrix in place
5.00	4.00	20.00	High	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Conduct full asbestos survey and develop asbestos register and asbestos management plans Project - Signage in place where asbestos is identified in the workplace Task - Asbestos awareness training for all staff Task - Communicate with the community and contractors on Council's Asbestos Policy Task - Explore option of more licensed waste facilities in Council area Task - Develop Asbestos Policy and Asbestos Management Plan	Policy & Procedures have or are currently being developed and adopted
4.00	5.00	20.00	High	4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022	Task - Develop health monitoring policy Task - Include health monitoring activities in training management system to automate reminders	Procedures have or are currently being developed and adopted
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	- Develop procedure on how to ensure projects are shovel ready (including checklist) - Develop Tourism, Economic Development and Community Development Strategy	Dedicated Grants Officer has been employed
4.00	4.00	16.00	Significant	4.00	4.00	12.00	Significant	4.00	4.00	16.00	Medium	At inception of MRC	31/12/2022	Task - Develop procedures for handling firearms for MRC	Draft policy developed - needs final adoption
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Implement regular drug and alcohol testing regime Task - Include Fitness for Work training as part of onboarding programme	Policy & Procedures have or are currently being developed and adopted
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Review and update relevant safe work method statements	Procedures have or are currently being developed and adopted
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project Replace existing formwork used for stormwater construction activity Task - Develop tag out procedure for unsafe plant and equipment	Specifications developed for the tender documents when purchasing major plant.
4.00	4.00	16.00	Significant	4.00	3.00	12.00	Significant	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Install CCTV recording of sewer system Task - Continue refinement of Liquid Trade Waste System Task - Develop and implement water quality management plan	Maintenance and review of system in place
5.00	3.00	15.00	Significant	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Full independent review to be undertaken of effluent re-use schemes Task - Ensure rigorous agreements with the user groups are implemented Task - Review processes and ensure all legislative requirements are met and approval is obtained under Section 60 of the Local Government Act	
5.00	3.00	15.00	Significant	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Task - Develop and test an IT and digital services disaster recovery and business continuity plan	2023 Cyber Security review to be undertaken and an Action Plan developed to address the findings ARIC Internal Review topic for 2023
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Project - CCTV in all customer service access points Project - Purchase UHF and two way radio for ranger vehicle Task - Continue to negotiate with telecommunication companies in relation to communication in remote areas Task - Develop Safe Work Method Statement (SWMS) for working in isolation	Procedures have or are currently being developed and adopted
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Task - Initiate a review of animal management incidents / inquiries recording and processing	

4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Capture all asset data (West) Task - Review asset data capture processes Project - Employ a technical officer - Asset Management. Project - Implement an integrated asset management system Task - Ensure Asset Management plans are compliant with National Standards	2021-2022 Asset revaluation and comprehensive review undertaken and all assets - particularly buildings and transport - identified Tech 1 module implemented
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop Reward and Recognition Policy Task - Develop schedule of monthly face to face meetings with member of MANEX	2020 - Introduction of the Voice project has lessened the divide between to former Council employees and increased communication
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Project - Widen road width program Project Increase base operating budget for bridge maintenance Project Seal Pericoota Forest Road Moama	Asset Management Policies and intervention times identified
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Costing report to be provided on a regular basis (fortnightly) Task - Project Management procedures/checklist	Project Management Framework has been developed and used from all projects
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022		Business Continuity Plan and associated documents have been developed
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Undertake further safety audits on high traffic rural roads	Safety audits & investigations ongoing
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022	Project - Develop health and wellbeing program	Procedures have or are currently being developed and adopted
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Changes to be implemented to the outdoor uniform procedures Task - Review all SWMS and procedures for the correct use of PPE	Procedures have or are currently being developed and adopted
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Project - Develop business case for engaging a contractor to assist with providing the after hours service Task - Include Ranger role in critical roles succession plan to ensure appropriate coverage	On-call roster in place across the LGA
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	1.00	3.00	3.00	Low	At inception of MRC	31/12/2022	Task - Implement a Leadership Development Program Task - Identify changing profile and needs of Council employees through developing a workforce plan Task - Identify employment incentives for attraction and retention of professionals - document to ensure consistency across all Directorates Task - Investigate options for cadetships at Council (complete)	2020 - Cadetships in place in the Planning and Environment directorate 2023 - Marketing campaign developed to be more attractive to potential employees
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	3.00	1.00	3.00	Low	2018	31/12/2022	- Implement Asset Management software - Asset registers updated regularly - Develop Insurance Policy and Procedures - Review and update Insurance register - Review existing Insurance covers - Statecover report to Council on gaps in Insurance cover	2021-22 Transport and Building Assets reviewed and records updated. Asset Management module being implemented in Tech 1
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Develop Fraud and Corruption Policy Task - Develop Gifts and Benefits Policy	Fraud and Corruption Policy updated Limited cash payments made
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Criteria failure analysis Task - Document procedures in line with water quality management plan Task - Investigate back up power supplies	Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed. Emergency Plans will be enacted
3.00	4.00	12.00	Significant	3.00	4.00	12.00	Significant	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Implement Training Management system to store training records Task - Develop a consistent performance and development program and train managers on how to implement it Task - Implement camms PES (no longer use CAMMS) Task - Include probation reviews in camms PES (no longer use CAMMS)	Changes made to the performance and development program have been made - changed need to be documented
4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	4.00	3.00	12.00	Significant	At inception of MRC	31/12/2022	Task - Develop and implement Bring Your Own Device Policy and procedure (completed)	Restricted
3.00	4.00	12.00	Significant	4.00	3.00	12.00	Significant	2.00	3.00	6.00	Medium	At inception of MRC	31/12/2022	Project - Establish a dedicated interface to manage and deliver consistent customer service delivery across Council Project - New Murray River Council website Task - Provide training for customer service staff using CIVICA (Civica being phased out)	Council has implemented a Customer Service Charter

3.00	5.00	15.00	Significant	2.00	5.00	10.00	Medium	2.00	5.00	10.00	Medium	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
5.00	4.00	20.00	High	5.00	4.00	9.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Explore option to input register into software to automate reminders for renewals Task - Move preferred supplier register to CM9	Preferred suppliers procedure has not been implemented
3.00	4.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Project - Develop a swimming pool asset management plan Project - Refer to Project 10062	On-going monitoring
4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	1/02/2020	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed. Emergency Plans will be enacted
3.00	4.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022	Project - Develop business case for the telemetry system to be in the cloud Task - Explore option of contractor monitoring for Barham	Telemetry system is fully automated and managed remotely
3.00	4.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022		CCTV has been installed
4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	Sep-20	31/12/2022	Task - conduct a performance audit on 'Business continuity and disaster recovery planning Task - onduct a performance audit on whole-of-business emergency planning and responses Task - Incorporate key third parties who support or contribute to critical business functions in business continuity and disaster recovery scenario testing exercises.	BCP Policy and supporting documentation adopted by Council
4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00		Medium		31/12/2022		Documentation updated as part of the 2022 Statecover review
4.00	3.00	12.00	Significant	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium		31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed.
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed. Emergency Plans will be enacted
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Formalise and communicate return to work Policy and procedure Task - RTW coordinator to hold regular face to face meetings with injured worker Task - Train supervisors on return to work responsibilities	2022 - Return to Work policy developed and implemented - in direct response to the rising level of WC claims and lost time increses - WC LTI hours are being graphed and monitored Changes in the HR team and the appointment of a dedicated RTW Coordinator has seen
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022	Task - Develop plan for critical positions	Succession plan not completed Current labour market has tightened particularly in key positions
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Review cash handling procedures and option to automate process at Waste Facilities	Tills balanced on a daily basis Limited cash used or available
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Implement inventory management system	Stocktakes undertaken twice a year.
3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	3.00	3.00	9.00	Medium	At inception of MRC	31/12/2022		Business Continuity Plan and associated documents have been developed Emergency Plans will be enacted
4.00	4.00	16.00	Significant	2.00	4.00	8.00	Medium	1.00	3.00	3.00	Low	At inception of MRC	31/12/2022	Task - Develop a succession plan for critical positions Task - Identify changing profile and needs of Council employee through developing a workforce plan Task - Identify employment incentives for attraction and retention of professionals	2020 - succession planning developed for some positions 2020 - Introduction of the Voice project has lessened the divide between to former Council
4.00	4.00	16.00	Significant	4.00	4.00	8.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Develop a business case for secure offsite records storage Project - Develop business case for integration of systems that store information and records Project - Develop business case for product to manage the storage of photographic data in CM9	Current practices for capturing all MRC records are not at a suitable standard. Employees have too many options open to the storing of data - S Drive, cloud options, emails not captured
4.00	4.00	16.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Undertake risk reviews Project - Implement Risk Management Software (budgetted for 2023-2024 FY) Task - Complete relevant SafeWork NSW online safety webinars Task - Develop a position description for WHS committee members responsibilities and communicate (completed)	2022 - Undertaking a complete review of WHS documentation and practises. Developing documentation as per the Statecover Audit held in 2021 - Ongoing and scheduled for completion of the initial phase
4.00	4.00	16.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Ensure all required signage is erect and visible Project - Full independent review to be undertaken of effluent re-use schemes Project - Install signage at sites where recycled water is used for irrigation Project - Rehabilitate Barham Skate park (completed) Project - SCCFR1 - Murray Downs cycling/walking track - Upgrade existing shared path at Murray Downs Resort to Sandpiper Drive (completed)	Difficult to control On-going risk assessments and inspections undertaken
4.00	4.00	16.00	Significant	4.00	4.00	8.00	Medium	4.00	4.00	8.00	Medium	2/02/2023		Task - Complete review of each Committee Task - Complete review of governance practices in place and required	
4.00	4.00	16.00	Significant	4.00	4.00	8.00	Medium	2.00	2.00	4.00	Low	2/02/2023			Manual access denied and an automated system to be installed
3.00	5.00	15.00	Significant	2.00	4.00	8.00	Medium	2.00	3.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Complete audit on compliance Task - Develop policy and procedure manual and templates Task - Develop records management KPIs to include in position descriptions/performance objectives Task - Follow up of information storage options Task - Regular reporting of use of CM9	Sucession planning on-going Key roles identified review of record management with the introduction of Tech 1 and Microsoft 365
5.00	3.00	15.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Document procedure for design review and sign off for high risk works	All assets are reviewed on an annual basis
5.00	3.00	15.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Develop a Water Quality Management Plan Task - Develop backflow prevention register and testing process	On-going monitoring Telemetry system is fully automated and managed remotely
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Develop business case for trucking water in Task - Develop drought management plan	On-going monitoring Telemetry system is fully automated and managed remotely
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Develop and implement IT procurement policy and procedure Task - Develop and implement long term IT strategy	Implemented of Tech 1 will ensure a high standard of compliance. Long-term strategy to be developed

4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Develop Leachate management plan	Implementation of the Waste management Strategy covers the requirements
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Hydrolic study/analysis Task - Check whether storm water management plan allows for all towns Task - Storm water management plan recommendations to be incorporated into asset management plans	Maintenance and review of system in place
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022		
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Implement and enforce device lockdown policy	Only the IT Department or the IT Managed Services staff can install and update software
3.00	4.00	12.00	Significant	2.00	4.00	8.00	Medium	2.00	4.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Identify training gaps and provide specialist arborist training to staff Project - Purchase truck and chipper suitable for arbor activities Project - Undertake a residential street and developed open space tree audit Task - Assess current approach to tree risk management and allocated budgets Task - Conduct Continuous Improvement Pathways Audit on trees and tree roots Task - Implement recommended actions from the Audit Task - Review and update tree management policies and guidelines	On-going monitoring
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022		Procedures have or are currently being developed and adopted
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Inspection of the structural design	Procedure required
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Develop service plan for public amenities Task - Assess the current conditions of existing public amenity assets Task - Determine current service levels and arrangements to establish baseline Task - Develop asset management plan for public amenities Task - Perform cost comparison between in house service and external contractor	On-going risk assessments and inspections undertaken
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Communicate on water safety in community in Council newsletter in warmer months Task - Implement actions out of Continuous Improvement Pathway audit Task - Rangers monitor water activities across Council area	Difficult to control
3.00	4.00	12.00	Significant	2.00	4.00	8.00	Medium	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022		No change to grievance process
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Development of Procurement manual and standard procedures Task - Training of staff in Procurement policy and procedures	Draft Procurement manual completed for initial review
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - External review of high risk/value/long term contracts Task - Development of suite of tender and quotation documents designed for MRC and NSW Local Government Task - Specification writing training	Draft Procurement manual completed for initial review
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Implement camms project Task - Develop Project Management Framework for MRC Task - Employ executive support for Corporate Services	Project Management Framework has been developed and used from all projects
3.00	4.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022		Specifications developed for the tender documents when purchasing major plant.
4.00	3.00	12.00	Significant	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Assess the extent of contamination from existing landfill facilities Task - Develop a set of performance measures to facilitate regular landfill management reporting Task - Review and develop waste management strategy	Developed and implemented a Waste Management Strategy
3.00	3.00	9.00	Medium	4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Develop promotional material on attractions of local government area Project - Update of Council's website	
4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Task - Review of site assessment outcomes	Regularly review for fit-for-purpose. Review to be undertaken after the 2022 floods
4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Task - Conduct community resilience education sessions for emergency response personnel and community members on natural disaster management and provide opportunity to learn from best practice	Business Continuity Plan and associated documents have been developed Emergency Plans will be enacted
4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	4.00	2.00	8.00	Medium	At inception of MRC	31/12/2022	Project - Review flood study and implement upgrades	Business Continuity Plan and associated documents have been developed Emergency Plans will be enacted
2.00	4.00	8.00	Medium	2.00	4.00	8.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Implement DA lodgement and tracking system Project- Implement collaborative file sharing software which integrates with current platforms Task - Include building and planning resources in critical roles succession planning	On-going strategies being and have been implemented to be compliant
4.00	4.00	16.00	Significant	4.00	2.00	6.00	Medium	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Finalise security and access procedures Task - Implement storage quotas on shared drive Task - Improve storage of records	Levels of access are in place in CM9
4.00	3.00	12.00	Significant	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Contracts with landholders - need to review exemptions for accidents Task - Update Delegations of Authority to include	Delegations in place
4.00	3.00	12.00	Significant	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Develop compliance register and calendar Task - Review and update Legislative Compliance Policy and procedures Task - Subscription to LawOne or similar	Notification subscription with SAIGlobal to flag changes to legislation
4.00	3.00	12.00	Significant	3.00	2.00	6.00	Medium	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Project - Meetings Agenda and collaboration solution Task - Develop and implement long term IT strategy	Implemented of Tech 1 will ensure a high standard of compliance.
4.00	3.00	12.00	Significant	2.00	3.00	6.00	Medium	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Disability Inclusion Plan to be reviewed and Strategy developed	2022 - Disability Inclusion Plan reviewed and adopted
4.00	3.00	12.00	Significant	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022		Systems in place to meet requirements
3.00	4.00	12.00	Significant	2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Review debt collection procedures and who is eligible for access to credit	Debt Collection process in place
3.00	4.00	12.00	Significant	2.00	3.00	6.00	Medium	1.00	3.00	3.00	Low	At inception of MRC	31/12/2022	Task - Review debt collection procedures	Debt Collection process in place



3.00	4.00	12.00	Significant	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - review of policies and procedures	Seperation of duties in place - including data input, mastefile changes
4.00	3.00	12.00	Significant	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022		On-going monitoring Telemetry system is fully automated and managed remotely
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022		Training provided
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Biannual refresher code of conduct training Task - Include in new starter induction program	Training included in the Annual Staff Training Day
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022		and other legislation - Compliance Officer well training in their obligations
3.00	3.00	9.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Integration of core systems Task - Reporting built from 'source of truth' system	Dateand software requirements have undergone a rationalisation Software register developed
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022		Project Management Framework has been developed and used from all projects
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Project - Implement meter renewal programme Task - Implement a public education programme	On-going monitoring Telemetry system is fully automated and managed remotely
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Identify existing problem area and prioritise easement acquisition	
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022		All requests for information by the community are directed to the Manager Governance & Risk
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Replace existing play equipment at Riverside Park Task - Develop a play ground staff training plan Task - Inspect and review required maintenance and associated costs to all playground assets	Difficult to control On-going risk assessments and inspections undertaken
3.00	3.00	9.00	Medium	2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	At inception of MRC	31/12/2022		2023 Cyber Security review to be undertaken and an Action Plan developed to address the findings
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Investigate more pit locations within local government area	
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Install CCTV at all waste facilities Task - Develop Policy for Dry Hire Task - Finalise and implement Work Health Safety Compliance Training Policy and Procedure	CCTV installed in depots and public areas to act as a deterrent.
3.00	3.00	9.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Develop tourism, economic and community development strategy	Ec Dev Strategy developed
3.00	3.00	9.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022		Variations to budget will be identified by the QBR (Quarterly Budget Review)
2.00	4.00	8.00	Medium	2.00	4.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Develop business case to construct stockyards in Moama Project - Develop business case to purchase a stock carrying trailer	Stock trailer purchased and in use
4.00	2.00	8.00	Medium	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022	Task - Develop contingency plans for essential functions of Council	
4.00	2.00	8.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Construct new lawn burial section at Moama Cemetery Project - Construct storage shed Moama Cemetery Task - Develop long term strategic plan for cemeteries and integrate with asset management plan and LTF plan	On-going monitoring
4.00	2.00	8.00	Medium	3.00	2.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Update of fire alarms in Council's main buildings Task - Develop schedule of evacuation drills Task - Update and implement emergency management procedures for Council buildings	Emergency Management Procedure developed need to develop processes for landfill site and undertake training
4.00	2.00	8.00	Medium	3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Applications module of Authority Project - Comprehensive review of 94 and 94a plans Project - Integrate GIS and Authority Project - Investigate option for using Authority to automate planning (s149) certificates Project - Moama floodplain study and floodplain risk management study and plan Project - Moulamein Floodplain study and floodplain risk management study and plan	On-going strategies being and have been implemented to be compliant
2.00	4.00	8.00	Medium	2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	At inception of MRC	31/12/2022		
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop an events manual	Events are managed by the Eco Dev team - dedicated officer and documentation developed
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop procedure on process of investigation	Procedure developed for the investigation of events
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Develop a Business Case for the introduction of electronic timesheets Task - development of Onboarding and Offboarding Policies and Procedures Task - Payroll procedures reviewed and stronger controls implemented where required	Seperation of duties in place - including data input, mastefile changes
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Procedures reviewed	Limited amount of cash received Daily balancing
3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed

3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Project - Develop business case to install CCTV cameras Project - Redevelop pound facility (West)	CCTV installed
3.00	2.00	6.00	Medium	3.00	2.00	6.00	Medium	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Project - Identify and evaluate suitable cemetery management software including integration with existing GIS Project - Relocate historical cemetery records into a secure environment Project- Undertake cemetery ground image survey Task - Review and resolve conflicting manual records Task - Review cemetery records management requirements and options	New electronic Cemetery Management System - reduced chances of errors
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Procedures on writing off debts developed	Segregation of duties
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Purchasing guidelines and authorisation limits reviewed	2021 - Introduction of the Project Management Framework
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022		Internal monitoring and flagging of suspicious transactions
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022		
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	Task - appropriate levels of authorisation assigned to staff Task - formal process of checking work performed against work plans and contracts prior to authorisation of payment	Project Management Framework has check points prior to payments made
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Code of Conduct - Secure storage of resources - adequate building security and restricted access via fob - Information security	Loose Tools Registers and annual reporting CCTV
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Code of Conduct & Credit Card Policies - Delegations	Fleet vehicles have a dedicated fuel card
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Code of conduct - Monitoring of usage and expenditure -	Photocopiers are now accessed by a fob and each employees activities are recorded
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Copy of invoices kept and management approval made for all expenses claims - Segregation of duties Code of Conduct sign off by all staff	Expenses only reimbursed on production of documentation Staff reimbursements can only be done through Tech 1
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Code of Conduct particularly gifts and benefits section	Covered in the Annual Training Day
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Code of Conduct - review and approval of staff timesheets by management	Covered in the Annual Training Day
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	- Follow formal procedures in dealing with a claim- eg obtaining incident and medical reports - suspected fraudulent claims reported and investigated	Statecover is the lead agency working from advice from Council on the validity of claims
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	- Review and approval of all appraisals	Management view all Pas in their area
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022		Media Policy reviewed and draft ready for adoption at Council
2.00	3.00	6.00	Medium	2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low		31/12/2022	- Business Continuity Plan that is regularly reviewed - Saving working papers/documents in CM9 or regularly backed up drives - Regular back-up and off-site storage of data - information security procedures	2021 - Introduction of the Project Management Framework
5.00	2.00	10.00	Medium	5.00	1.00	5.00	Medium	5.00	1.00	5.00	Medium	At inception of MRC	31/12/2022		Business Continuity Plan and associated documents have been developed
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	At inception of MRC	31/12/2022	Task - Explore option of offline data sets where required	Connectivity issues have been addressed by technology improvements - particularly the use of Starlink in poor connectivity areas
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022	Task - periodic user access reviews to be performed to ensure access levels align with the user's role Task - regular reviews of dormant user accounts and default/generic accounts Task - process to periodically review third party user access /profiles promptly removed once they were no longer required Task - processes to ensure timely changes to access levels to reflect changes to staff responsibilities and terminations	Multi- Factor Authentication introduced and enacted - late 2022 access reviewed and amended when it is no longer required.
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022		2022-23 Internal Audit project to be undertaken on Contract Management - awaiting recommendation. 2023 - Working with contractor to adopt the recommendations

2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022	Task - Establish procurement plans are for significant procurement activities and that they adequately assess procurement requirements. Task - develop a template to support tender renewals for extension	2021 - Introduction of the Project Management Framework
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022	Task - Review and update procurement frameworks to better respond to emergency situations that may arise in the future. Task -Provide on-going training and support to staff undertaking procurement activity.	2021 - Introduction of the Project Management Framework Delegations documents have clause for procurement under emergency situations - <del>included for the 2020-21 financial year</del>
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022		Policy register is place
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	1.00	4.00	4.00	Low	12/01/2021	31/12/2022	Task - awareness of the new Accounting Standards and their impact on Council	If there is non-compliance with the Accounting Standards Council's financial statements will be qualified and remediation of the issues required.
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	1.00	4.00	4.00	Low	12/01/2021	31/12/2022	Task - awareness of the new Accounting Standards and their impact on Council	If there is non-compliance with the Accounting Standards Council's financial statements will be qualified and remediation of the issues required.
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022		Leases checked by Council's legal representative
2.00	5.00	10.00	Medium	1.00	5.00	5.00	Medium	2.00	5.00	10.00	Medium	12/01/2021	31/12/2022	Task - Educate staff in their responsibilities re retaining documentary evidence Task - Records management policies have been communicated to staff.	Records Management system under review and changes being made with the implementation of Tech 1 and Microsoft 365
4.00	3.00	12.00	Significant	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022		Business Continuity Plan and associated documents have been developed
2.00	5.00	10.00	Medium	1.00	4.00	4.00	Low	1.00	4.00	4.00	Low	12/01/2021	31/12/2022		Delegations reviewed on a regular basis to reflect the needs of MRC
3.00	3.00	9.00	Medium	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022		All requests for information by the community are directed to the Manager Governance & Risk However information released outside this process would be a breach of the Code of
3.00	3.00	9.00	Medium	2.00	2.00	4.00	Low	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop Record Disaster Recovery Plan Task - Review retention/disposal of legacy data	Not 100% compliant with the SR Act - due to the issues outlined above
4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Develop a swimming pool asset management plan	On-going monitoring
4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Roll out swimming pool register through CIVICA authority	Systems in place to follow up on non-compliant inspections
4.00	2.00	8.00	Medium	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022	Task - Improved contractor management system	
2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Include re-certification dates in training records software	2020 - Implementation of Vault/Be-Safe training module - tracks when certificates/competency etc are about to lapse - easier to implement planned and timely training
2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022		Considered when letting major tenders - part of the tender assessment process
2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop checklist for handling copyright issues	Subscription in place Training required
2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Review procedures	Payments made within 30 days in a majority of cases
2.00	3.00	6.00	Medium	2.00	2.00	4.00	Low	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022		
2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Procedures reviewed and updated	
2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	At inception of MRC	31/12/2022	Task - Update complaints form to ensure capturing information on animal management incidents and inquiries (complete)	2022 - Dedicated employee to manage animal related complaints
2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Review and update pre-employment medical process	Pre-employment medicals are now being undertaken - needs to be documented Internal promotions sometimes are a settled for solution
1.00	4.00	4.00	Low	1.00	4.00	4.00	Low	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Conduct annual audit of loose tools Task - Develop and implement system for the issuing, writing off and returning of loose and small tools Task - Include return of loose and small tools in employees exit procedure and checklist Task - Record loose and small tool information in CIVICA	Loose Tool audit undertaken annually
4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed

4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	4.00	1.00	4.00	Low	At inception of MRC	31/12/2022		Council not the lead agency - Council to undertake duties as required. Business Continuity Plan and associated documents have been developed
2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	1.00	1.00	1.00	Low	At inception of MRC	31/12/2022	Task - Train hiring managers in recruitment and selection process	2022 - Improvements to HR practices introduced
2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Task - Develop register for roles that require professional certification and police checks Task - Review option of using Verify CV to conduct checks for relevant roles Task - Training for hiring managers in recruitment and selection process	No change to recruitment practises
3.00	3.00	9.00	Medium	1.00	3.00	3.00	Low	1.00	1.00	1.00	Low	At inception of MRC	31/12/2022	Project - Implement Software Inventory, Patching, Support and reporting console application Task - Develop and implement IT Policy and Procedure Task - Employee sign off of IT user agreement	IT usage monitored
3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Project - Conduct waste collection bin audit Project - Construct new cell at Moama Waste Management Facility (currently being undertaken) Task - Support the implementation of container deposit legislation	Developed and implemented a Waste Management Strategy
3.00	2.00	6.00	Medium	3.00	1.00	3.00	Low	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022	Task - Place domain on auto renewal by credit card	
4.00	1.00	4.00	Low	3.00	1.00	3.00	Low	3.00	1.00	3.00	Low	At inception of MRC	31/12/2022		Business Continuity Plan and associated documents have been developed
2.00	2.00	4.00	Low	1.00	3.00	3.00	Low	1.00	2.00	2.00	Low	Feb-20	31/12/2022		Disciplinary procedures in place
2.00	3.00	6.00	Medium	1.00	2.00	2.00	Low	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022		Policies are reviewed on a regular basis and in accordance with the review dates in the Policy Register Changes to legislation regularly monitored via subscription to SaiGlobal etc
2.00	2.00	4.00	Low	2.00	1.00	2.00	Low	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022		No change to recruitment practises
1.00	3.00	3.00	Low	1.00	2.00	2.00	Low	1.00	2.00	2.00	Low	At inception of MRC	31/12/2022	Task - Review Investment Policy and Strategy	Investment Policy including the Investment Strategy has been updated and made in accordance with the State Government requirements
2.00	1.00	2.00	Low	2.00	1.00	2.00	Low	2.00	1.00	2.00	Low	At inception of MRC	31/12/2022	Project - Standardise Civica rates data	2020 - Rates harmonisation project completed 2022 - Rates and Property module currently being configured in Tech 1 - go live date 1/7/2023 and will be fully intergrated with mapping platforms  Actual risk to be reassessed or deleted on

**5.12 UPCOMING CHANGES TO THE ARIC COMMITTEE @ 1 JULY 2024.**

**File Number:** -

**Author:** Sandra Gordon, Manager Governance & Risk

**Authoriser:** Stephen Fernando, Director Corporate Services

**RECOMMENDATION**

That the ARIC will receive the new ARIC Internal Charter, the Annual Attestation Template and other required documents, as outlined in the Guidelines, at their first meeting in 2024, for review.

**DISCUSSION**

In December 2022, the Risk Management and Internal Audit For Local Government In NSW was released as a guideline. These Guidelines document the changes required to be in place by the 1<sup>st</sup> July 2024.

Some of the important changes to the functioning of the ARIC are listed below:

**Audit, risk and improvement committee**

The Local Government Regulation prescribes the following requirements in relation to the membership and operations of councils' audit, risk and improvement committees:

- ▶ Councils must by resolution appoint an audit, risk and improvement committee comprising of a chair and at least two or more other persons as voting members of the committee.
- ▶ **Commencing 1 July 2024, the chair and other voting members of a council's audit, risk and improvement committee must satisfy the independence and eligibility criteria specified in these Guidelines. Councils must not appoint a person to be the chair or a voting member of the council's audit, risk and improvement committee unless they satisfy the independence and eligibility criteria specified in these Guidelines.**
- ▶ **Councils may appoint one councillor as a non-voting member of its audit risk and improvement committee. Councillors appointed as a non-voting member of an audit, risk and improvement committee must satisfy the eligibility criteria for councillor members of committees specified in these Guidelines.**
- ▶ For the purposes of section 428A(2)(i) of the Local Government Act, councils' audit, risk and improvement committees are to keep under review internal audit activities.
- ▶ The Departmental Chief Executive may approve model terms of reference for councils' audit, risk and improvement committees.
- ▶ Councils must adopt by resolution, terms of reference for their audit, risk and improvement committees that are consistent with the model terms of reference for committees approved by the Departmental Chief Executive contained in these Guidelines.

**Risk management**

The Local Government Regulation prescribes the following requirements in relation to risk management:

- ▶ **Commencing on 1 July 2024, councils must adopt and implement a framework for identifying and managing risk that is consistent with the requirements specified by these Guidelines.**
- ▶ A council's audit, risk and improvement committee must keep the implementation of the council's risk management framework under review and provide advice to the council on its implementation.

## Internal audit

The Local Government Regulation prescribes the following requirements in relation to internal audit:

- ▶ **Commencing 1 July 2024, councils must have an internal audit function to keep under review the council's operations and risk management and control activities.**
- ▶ Councils' internal audit functions must operate in accordance with the requirements specified in these Guidelines.
- ▶ The Departmental Chief Executive may approve a model internal audit charter for councils to guide the performance of their internal audit function.
- ▶ Councils must adopt by resolution, an internal audit charter that is consistent with the model internal audit charter approved by the Departmental Chief Executive contained in these Guidelines.
- ▶ A council's internal audit function must be undertaken in accordance with the internal audit charter adopted by the council.
- ▶ **Commencing 1 July 2024, councils' general managers must appoint a member of staff of the council to direct and coordinate internal audit activities for the council.**
- ▶ Councils are not required to appoint a member of staff to direct and coordinate their internal audit activities if the council has entered into an agreement with other councils to share the internal audit function and one of the participating councils has appointed a member of staff to direct and coordinate internal audit activities on behalf of all the participating councils.
- ▶ A council's internal audit activities are to be undertaken under the oversight and direction of the council's audit, risk and improvement committee.
- ▶ The member of staff appointed by the general manager to direct and coordinate internal audit activities is to report to the audit, risk and improvement committee on those activities.
- ▶ The member of staff of a council appointed to direct and coordinate internal audit activities is not to be subject to direction in the performance of internal audit activities by anyone other than the audit, risk and improvement committee.
- ▶ All internal audit personnel must have direct and unrestricted access to council staff, the audit, risk and improvement committee and council information and resources necessary to undertake their role and responsibilities.
- ▶ The general manager must consult with the chair of the council's audit, risk and improvement committee on any decision affecting the employment of the staff member appointed to direct and coordinate the council's internal audit activities and must consider the chair's views before making the decision.
- ▶ The audit, risk and improvement committee must review the performance and efficacy of the council's internal audit activities once in each term of the council and report to the governing body of the council on the outcome of its review and make recommendations.

## Annual attestation

**Commencing with the 2024-2025 annual report, general managers will be required under the Local Government Regulation to publish an attestation statement each year in the council's annual report indicating whether, during the preceding financial year, the council's audit, risk and improvement committee, risk management framework and internal audit function complied with these Guidelines.**

The Local Government Regulation prescribes the following requirements in relation to attestation:

- ▶ **Commencing with the 2024-2025 annual report, the general manager must cause to be published in the council's annual report an attestation statement in the form specified in these Guidelines on the council's compliance with the Guidelines with respect to the membership and operations of its audit, risk and improvement committee, its risk management framework and internal audit function.**

- ▶ The general manager must consult with the chair of the council's audit, risk and improvement committee on the content of the attestation statement and must consider the chair's views when preparing the statement.
- ▶ If the committee chair disagrees with the content of the attestation statement prepared by the general manager, they may prepare their own attestation statement and submit this to the Departmental Chief Executive.

Although, reviewing the Internal Charter document was scheduled for this meeting, in light of the upcoming mandatory changes, outlined above, it is recommended that a new timeline be adopted.

- ▶ Draft documents to the February 2024 ARIC meeting
  - Recommendations and amendments be considered and incorporated into the documents
- ▶ Draft to March or April Council meeting for adoption
- ▶ Implementation 1<sup>st</sup> July 2024

## ATTACHMENTS

1. **DRAFT Guidelines for Internal ARIC (under separate cover)** 

**6      NEXT MEETING**

**7      CLOSE**