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**NARROMINE SHIRE COUNCIL  
ORDINARY MEETING BUSINESS PAPER – 14 APRIL 2021  
REPORTS OF COMMITTEES**

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**1. REPORT OF INTERNAL AUDIT COMMITTEE**

The report to and minutes of the Internal Audit Committee Meeting held on 8 March 2021 at the Narromine Shire Council Chambers are attached (**See Attachment No. 1**).

**RECOMMENDATION**

That the recommendations from the minutes of the Internal Audit Committee Meeting held on 8 March 2021 be adopted.

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**2. REPORT OF THE RURAL FIRE SERVICE LIAISON COMMITTEE**

The minutes of the Rural Fire Service Liaison Committee Meeting held on 9 March 2021 at the Narromine Shire Council Chambers are attached (**See Attachment No. 2**).

**RECOMMENDATION**

That the recommendations from the minutes of the Rural Fire Service Liaison Committee Meeting held on 9 March 2021 be adopted.

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**3. REPORT OF NARROMINE AUSTRALIA DAY COMMITTEE**

The minutes of the Narromine Australia Day Committee Meeting held on 23 March 2021 at the Narromine Shire Council Chambers are attached (**See Attachment No. 3**).

**RECOMMENDATION**

That the recommendations from the minutes of the Narromine Australia Day Committee Meeting held on 23 March 2021 be adopted.

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**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE  
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 8 MARCH 2021**

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**PRESENT:** Ron Gillard (Chair) – Independent External Member, Neil Maltby– Independent External Member, Cr James Craft NSC, John Sevil - Director Finance & Corporate Strategy NSC, Marion Truscott - Director Governance NSC and Sally McDonnell (Minute Taker)

Via Teleconference – Alex Hardy - Prosperity Advisor Group, Gabriel Faponle – Crowe, Unaib Jeffrey – Audit Office of NSW

## **1. WELCOME**

The Chair welcomed everyone to the Narromine Shire Council Internal Audit Committee meeting and declared the meeting open at 12.00pm.

## **2. APOLOGIES**

Jane Redden - General Manager NSC

## **3. DISCLOSURES OF INTEREST**

Nil

## **4. CONFIRMATION OF PREVIOUS MINUTES 9 NOVEMBER 2020**

**RECOMMENDED** Cr Craft/Neil Maltby that the Minutes of the Narromine Shire Council Internal Audit Committee Meeting held 9 November 2020 be adopted as a true and correct record of the meeting.

## **5. FY20 FINAL AUDIT MANAGEMENT LETTER**

**RECOMMENDED** Neil Maltby/Cr Craft that the report as presented to this committee was noted and discussed.

## **6. FY21 ANNUAL ENGAGEMENT PLAN**

It was noted:

- in Section 2 (Key Issues) that the Engagement Plan incorrectly reported Restricted Cash Balances at \$21.4 million where it should have been \$4.8 million;
- in Section 5 (Engagement Timetable) incorrectly references the various reports to be presented to the Committee at the next two meetings; and,
- that the Aerodrome Industrial Estate should be included as a key project in Section 2 under Procurement and Contract Management Risk.

The Chair requested the Audit Office to consider including the designated/responsible Audit Office Director as part of the Engagement Team listed in Section 8 of the Engagement Plan.

**RECOMMENDED** Cr Craft/Neil Maltby that the report as presented to the committee was noted and discussed, with the amended Engagement Plan to be reissued.

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**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE  
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 8 MARCH 2021**

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Alex Hardy - Prosperity Advisor Group and Unaib Jeffrey – Audit Office of NSW left the meeting at 12.33pm.

**7. PROGRESS UPDATE OF THE INTERNAL AUDIT PROJECTS – INTERNAL AUDITOR**

**RECOMMENDED** Cr Craft/Neil Maltby that verbal update from the Internal Auditor with regards to the progress on Internal Audit Projects be noted.

It was noted that the reports for Community Safety and Workforce Planning Audits are likely to be presented at July Meeting.

Gabriel Faponle – Crowe left the meeting at 12.39pm

**8. ACTION TRACKING LIST**

**RECOMMENDED** Neil Maltby/Cr Craft that the Action Tracking List be noted.

**9. OLG CIRCULARS**

**RECOMMENDED** Cr Craft/Neil Maltby that the OLG circulars list be noted.

**10. LEGISLATIVE COMPLIANCE REGISTER UPDATE - POLICY**

**RECOMMENDED** Cr Craft/Neil Maltby that the verbal update from Director Governance be noted and that the work done in this area is appreciated by the Committee and is progressing well.

It was noted that, although not on the Agenda, there is Nil to report for Legislative Compliance – Exception Reporting.

**11. ANY OTHER BUSINESS**

- It was noted that since the Committee's last meeting, there are have been no substantial impacts to Council as a result of the COVID pandemic.
- Discussion concerning the need for upcoming meetings to include a review of the following:
  - updated/current Strategic Risk Register
  - Risk Management Framework (policies/procedures) – Management to provide a marked-up copy of any proposed amendments
  - Business Continuity Plan, including the IT Disaster Recovery Plan – Management to provide a marked-up copy of any proposed amendments
  - Register of current Policies and review dates (ie. last reviewed, next review)
  - Internal Audit Function – Verbal Update

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**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE  
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 8 MARCH 2021**

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**12. DATE FOR NEXT MEETING**

The next Internal Audit Committee meeting will be held on Monday 5 July 2021.

**13. CONCLUSION OF MEETING**

The Chair thanked all members for attending.

There being no further business the meeting concluded at 1.03pm.

The Minutes (pages 1 to 3) were confirmed at a meeting held on the day of \_\_\_\_\_ 2021, and are a full and accurate record of proceedings of the meeting held on 8 March 2021.

**CHAIR**

Ms Jane Redden  
General Manager  
Narromine Shire Council  
PO Box 115  
NARROMINE NSW 2821

Contact: Unaib Jeffrey  
Phone no: 02 9275 7450  
Our ref: D2102559/1769

17 February 2020

Dear Ms Redden,

### **Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2020**

The final phase of our audit for the year ended 30 June 2020 is complete. This letter outlines:

- matters of governance interest we identified during the current audit
- unresolved matters identified during previous audits
- matters we are required to communicate under Australian Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

We have not identified any new issues during the year-end and completion phases of the audit. This letter primarily provides an update on management's actions towards resolving issues identified in previous management letters.

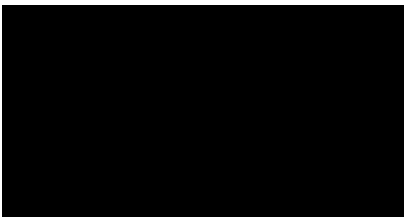
For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the organisation.

We have kept management informed of the issues included in this letter as they have arisen. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

The Auditor-General may include items listed in this letter in the Report to Parliament. We will send you a draft of this report and ask for your comments before it is tabled in Parliament.

If you would like to discuss any of the matters raised in this letter, please contact me on 9275 7450 or Alex Hardy (Associate Director, Prosperity Audit Services) on 8262 8700.

Yours sincerely



██████████  
Audit Leader, Financial Audit Services

cc: ██████████, Mayor  
██████████, Chair of the Audit, Risk and Improvement Committee

# Final Management Letter

for the Year Ended 30 June 2020

Narromine Shire Council







We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur.

The risk assessment matrix used is broadly consistent with the risk management framework in [TPP12-03 'Risk Management Toolkit for the NSW Public Sector'](#).

This framework may be used as better practice for councils.

		CONSEQUENCE			
		Low	Medium	High	Very high
LIKELIHOOD	Almost certain	M	M	H	E
	Likely	L	M	H	H
	Possible	L	M	M	H
	Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
 Extreme:	E
 High:	H
 Moderate:	M
 Low:	L



For each issue identified, we have used the consequence and likelihood tables from [TPP12-03](#) to guide our assessment.

### Consequence levels and descriptors

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> <li>Affects the ability of your entire entity to achieve its objectives and may require third party intervention;</li> <li>Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity; or</li> <li>May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion.</li> </ul>
High	<ul style="list-style-type: none"> <li>Affects the ability of your entire entity to achieve its objectives and requires significant coordinated management effort at the executive level;</li> <li>Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity; or</li> <li>May result in an inability for the auditor to issue an unqualified audit opinion.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Affects the ability of a single business unit in your entity to achieve its objectives but requires management effort from areas outside the business unit; or</li> <li>Arises from ineffective governance practices and/or internal controls affecting several parts of the entity.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Affects the ability of a single business unit in your entity to achieve its objectives and can be managed within normal management practices; or</li> <li>Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity.</li> </ul>





### Likelihood levels and descriptors

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99 per cent
Likely	The event will probably occur once during the year	More than 20 per cent and up to 99 per cent
Possible	The event might occur at some time in the next five years	More than 1 per cent and up to 20 per cent
Rare	The event could occur in exceptional circumstances	Less than 1 per cent

## Review of matters raised in previous management letters

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined:

- how management has addressed the issue in the current year
- what management still needs to do to address unresolved issues.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
<b>2017-18 Final Management Letter</b>			
Lack of assessment performed for the new accounting standards (June 2018)	 Low	<b>Resolved.</b> Council has performed detailed assessment of the impact of the new standards on the financial statements, including accounting position papers and disclosing quantified information on the financial impact in their 2018–19 financial statements.	Matter has been addressed satisfactorily.
Fair value assessment not formally documented (June 2018)	 Moderate	<b>Resolved.</b> Management assessed the fair values of asset classes not subject to a comprehensive valuation this year through comparison with appropriate indices and other market information.	Matter has been addressed satisfactorily.
<b>2019-20 Interim Management Letter</b>			
No position paper prepared for revaluation of roads, bridges, footpaths and storm water drainage (June 2020)	 Moderate	<b>Resolved.</b> Management prepared a position paper assessing the revaluation of roads, bridges, footpaths and storm water drainage assets.	Matter has been addressed satisfactorily.
Legislative Compliance Register and Framework (June 2020)	 Low	<b>Not resolved.</b> Management is in the process of developing a legislative compliance register and policy to strengthen the Council's legislative framework. The updated policy is expected to be implemented by 31 December 2020.	Audit will follow up this matter during the 2021 audit process.



Ms Jane Redden  
General Manager  
Narromine Shire Council  
PO Box 115  
NARROMINE NSW 2821

Contact: Unaib Jeffrey  
Phone no: 02 9275 7450  
Our ref: D2102519/1769

18 February 2021

Dear Ms Redden

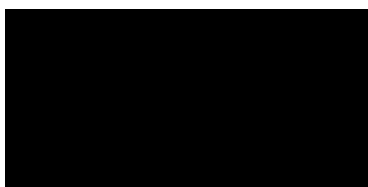
**Audit of the Narromine Shire Council  
for the year ending 30 June 2021**

Attached is the Annual Engagement Plan (AEP) for the audit of the Narromine Shire Council's financial statements for the year ending 30 June 2021. The AEP reflects conditions unique to this engagement. You will find the standard Terms of Engagement on the Audit Office website at <https://www.audit.nsw.gov.au/our-stakeholders/local-government>.

If you would like to discuss the AEP, please call me on please call me on (02) 9275 7450 or Alex Hardy on (02) 8262 8705. The AEP will be presented to the next Audit, Risk and Improvement committee on 8 March 2021.

This AEP is not intended for publication. It may not be distributed to persons other than those who will sign the Statement by Councillors and Management made pursuant to section 413(2)(c) of the *Local Government Act 1993* or others you determine to be charged with governance of the Council.

Yours sincerely



[Redacted Name]  
Audit Leader, Financial Audit Services

cc: [Redacted Name], Mayor  
[Redacted Name], Chair of the Audit, Risk and Improvement Committee  
[Redacted Name], Director of Finance and Corporate Strategy.

# Annual Engagement Plan

for the year ending 30 June 2021

Narromine Shire Council



FINANCIAL AUDIT

INSIGHTS FOR BETTER GOVERNMENT

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## 1. SCOPE

This Annual Engagement Plan (AEP) contains important information about this year's audit.

The scope of our audit comprises an:

- audit of the Council's general purpose financial report, with:
  - an Independent Auditor's Report on the general purpose financial statements in accordance with section 417 of the *Local Government Act 1993* (LG Act)
  - a Report on the Conduct of the Audit in accordance with section 417(3) of the LG Act
- Independent Auditor's Report on the special purpose financial statements (SPFS) for all business activities declared by the Council in accordance with section 413(2) of the LG Act
- Independent Auditor's Report on the Special Schedule 'Permissible income for general rates' in accordance with section 413(2) of the LG Act
- Independent Auditor's Report(s) for the engagements listed under Section 6 Other Engagements.

### Special purpose reporting framework

The Council will prepare the SPFS, mentioned in the scope above, using frameworks prescribed by the Local Government Code of Accounting Practice and Financial Reporting (the Code). Management's disclosures will alert users that the SPFS are not prepared in accordance with all standards within the Australian Accounting Standards framework.

The audit team's objective is to express an opinion on whether these SPFS are prepared in accordance with the requirements of the Code, solely for the purposes of reporting to the Office of Local Government (OLG) within the Department of Planning, Industry and Environment. As a result, the Independent Auditor's Reports will include a 'Basis of Accounting' paragraph identifying that the SPFS may not be suitable for another purpose.

## 2. KEY ISSUES

The table below details our audit assessment of issues and risks that may impact this year's audit and how the audit team will respond to them.

Issue or risk	Exposure	Audit response
<b>Key audit issues and risks</b>		
<b>Assessing the fair value of Council's infrastructure, property, plant and equipment (IPPE)</b>		
<p>Australian Accounting Standards require Council to annually assess:</p> <ul style="list-style-type: none"> <li>• whether the carrying value of IPPE materially reflects fair value</li> <li>• useful lives remain reasonable</li> <li>• whether any assets are impaired.</li> </ul> <p>This annual assessment along with significant judgements and assumptions should be documented.</p> <p>For assets not subject to comprehensive valuation in 2020–</p>	<p>Heightened risk of carrying values of IPPE being materially different from fair value. This could lead to the financial statements being materially misstated.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• review management's annual assessment for reasonableness</li> <li>• consider recent events and relevant externally available information (such as indices) when assessing whether assets' carrying amounts materially reflect fair value</li> <li>• ensure the financial statements include the required disclosures in accordance with Australian Accounting Standards.</li> </ul>

Issue or risk	Exposure	Audit response
<p>21, management should assess whether their carrying values continue to approximate fair value and whether any indicators of impairment may exist</p>		
<b>Information Technology General Controls</b>		
<p>Australian Auditing Standards require the auditor to understand the Council's control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).</p>	<p>Weaknesses in the IT control environment may lead to:</p> <ul style="list-style-type: none"> <li>• weakened segregation of duties where staff gain access privileges beyond those required for their role</li> <li>• unauthorised access</li> <li>• inaccurate and/or invalid transactions and data produced by systems</li> <li>• inappropriate/unauthorised changes to programs</li> <li>• inability to recover from incident or disaster impacting IT operation</li> <li>• inability of the audit team to place reliance on system controls and/or data/reports generated from business systems. This may require the audit team to perform additional procedures that may not be within the normal scope of the audit.</li> </ul>	<p>For all IT systems relevant to financial reporting, we will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the IT general controls and IT dependencies and identify related risks relevant to our audit approach</li> <li>• understand, evaluate and, where appropriate, validate the IT general controls management has implemented to address these risks.</li> </ul> <p>We will look at the following aspects of the IT control environment:</p> <ul style="list-style-type: none"> <li>• IT risk management policy framework</li> <li>• user access provisioning and removal</li> <li>• periodic user access review</li> <li>• monitoring of privileged user accounts' activities</li> <li>• use of unique user IDs</li> <li>• password configuration</li> <li>• system change testing and approvals</li> <li>• segregation between developer and implementer of system development/change</li> <li>• system monitoring/incident management and data recovery.</li> </ul>
<b>Procurement and contract management risk</b>		
<p>The Council spends a substantial amount each year to procure goods and services and enters into numerous contracts which vary in nature, size and complexity. The Council has a significant capital works program of \$8.6 million for 2020-21. The following are the key projects:</p> <ul style="list-style-type: none"> <li>• Pool renewal \$0.6 million</li> </ul>	<p>Lack of probity, accountability or transparency in procurement operations increases the risk of:</p> <ul style="list-style-type: none"> <li>• unauthorised purchases</li> <li>• corruption and /or fraudulent behaviour</li> <li>• value for money not being achieved</li> <li>• non-compliance with the <i>Local Government Act 1993</i>, <i>Local</i></li> </ul>	<p>We will:</p> <ul style="list-style-type: none"> <li>• gain an understanding of Council's procedures around procurement and contract management</li> <li>• review tendering procedures to identify any probity and related party issues.</li> </ul>

Issue or risk	Exposure	Audit response
<ul style="list-style-type: none"> <li>Regional Roads Updates and Reseal \$1.2 million</li> <li>Rural Roads Updates and Reseal \$1.8 million</li> <li>Wetlands Updates \$0.7 million</li> <li>Extension of Narromine Rising Main \$0.4 million</li> </ul>	<p>Government Regulations and the <i>Government Information (Public Access) Act 2009</i>.</p> <p>If contracts are not managed appropriately, this increases the risk of service delivery failure, unapproved scope variations and potential legal disputes.</p>	
<b>Restricted Cash Balances</b>		
<p>The Council's unrestricted cash and investments balance of \$21.4 million as at 31 December 2020 represents a decrease of \$1.0 from 30 June 2020.</p>	<p>There is a risk that externally restricted assets may be used for inappropriate purposes. The Council may breach the LG Act if restricted cash is not guaranteed for appropriate purposes.</p>	<p>We will review the Council's processes for managing restricted assets including reconciliations and monitoring.</p>
<b>AASB 1059 'Service Concession Arrangements: Grantors'</b>		
<p>AASB 1059 'Service Concession Arrangements: Grantors' issued by the Australian Accounting Standards Board became effective from 1 January 2020.</p> <p>Preparation is required to apply AASB 1059 to ensure the 2021 financial statements have materially complied with the requirements.</p> <p>Further details on the requirements of this standard is in <a href="#">Appendix two</a>.</p>	<p>Not being sufficiently prepared to retrospectively apply AASB 1059 in the 2021 financial statements.</p>	<p>We will review the Council's assessment of existing arrangements with private sector operators to assess whether they have been appropriately classified as a service concession arrangement, lease or outsourcing arrangement.</p> <p>For arrangements within the scope of AASB 1059 we will review management's assessment of the impact on the 2021 financial statements to ensure the:</p> <ul style="list-style-type: none"> <li>opening balance adjustments are appropriate and have been reflected in opening equity at 1 July 2019</li> <li>recognition and measurement requirements have been applied for service concession assets and liabilities</li> <li>financial statements include the required disclosures.</li> </ul>

The significance of the issues and risks may change and new developments may emerge during the audit. We will inform you of significant new matters as they arise and the likely impact on the audit.



### 3. AUDIT APPROACH

#### Audit approach for key business and accounting processes

The audit approach is developed based on our understanding of the issues, new developments and key risks that may impact the financial statements. We have obtained an understanding of the Council's business and accounting processes and internal controls relevant to the financial statements to help us identify risks that may impact the financial statements.

[Appendix one](#) details our observations on the business and accounting processes relevant to the financial statements and our planned audit approach. We will inform you of significant matters that impact the audit as they are identified.

#### Revisions to auditing accounting estimates

As part of this year's audit, we would like to highlight our approach for reviewing accounting estimates, specifically our review of management's process to developing accounting estimates. This is not a new procedure but rather an expanded procedure in response to revisions within ASA 540 'Auditing Accounting Estimates and Disclosures' (ASA 540) issued by the Australian Auditing and Assurance Standards Board, effective for financial reporting periods commencing 15 December 2019.

Although the standard contains requirements specifically for auditors, it will impact on the audit process as the requirements to understand and document management's process in relation to accounting estimates are now more prescriptive, particularly where the estimates are complex, involve significant management judgement and are sensitive to changes to inputs and assumptions.

Further details on this Standard are included in [Appendix two](#).

#### Audit approach in relation to cyber security risks

Local Government relies on digital technology to deliver services, organise and store information, manage business processes, and control critical infrastructure. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm government service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent.

Australian Auditing Standards require the audit team to identify and assess the risks that the financial statements are materially misstated whether due to fraud or error. As part of this year's audit, we will assess whether cyber security risks represent a risk of material misstatement to the Council's financial statements. As part of our audit procedures, we will obtain an understanding of the controls management has in place at the Council to address the risk of cyber security incidents and respond to any incidences which may have occurred during the year, including its impact on the audit.

Your feedback on the planned audit approach is welcomed.

#### Follow up of issues identified in the previous audit

The audit team will examine, update and report on the status of issues raised in last year's Engagement Closing Report and Management Letter.

### 4. ENGAGEMENT COMMUNICATIONS

#### Communications to 'Those Charged with Governance'

Senior members of the audit team will attend relevant Council and Audit, Risk and Improvement Committee meetings and brief those charged with governance on audit progress, identified issues and their resolution.

We have discussed the meeting schedule(s) with management and those charged with governance. The [engagement timetable](#) details the meetings we plan to attend.

We have identified those charged with governance for the Council as:

- the General Manager who will receive our Engagement Closing Report, identifying audit findings, and the type of opinion we anticipate issuing prior to signing the financial statements. The General Manager will also receive the Management Letter containing detailed explanations of significant matters, governance matters, significant weaknesses and recommendations for improvement identified in the current audit
- the Mayor, who will receive the Independent Auditor's Report for the general purpose financial statements and special purpose financial statements and the Report on the Conduct of the Audit. The Mayor will also receive copies of the Engagement Closing Report and Management Letter.

The Audit, Risk and Improvement Committee will receive copies of the Engagement Closing Report and Management Letter.

Please advise the audit team if additional persons charged with governance should be included in these communications. The [Terms of Engagement](#) contains more information on the Audit Office's communication obligations.

## 5. ENGAGEMENT TIMETABLE

### General purpose and special purpose financial statements

The engagement timetable, designed to achieve statutory financial reporting requirements, has been discussed and agreed with Mr John Sevil (Director of Finance and Corporate Strategy).

The Engagement Information Request accompanies this AEP with dates agreed with management to deliver the information required for the audit. Whilst we make every effort to identify all information requirements in the Engagement Information Request, we may need to request further information during the audit.

Event	Date
• Audit team emails Engagement Information Request John Sevil, Director of Finance and Corporate Strategy of the Council	26 February 2021
• Audit team attend the Audit, Risk and Improvement Committee meeting to present the AEP	8 March 2021
• Audit team starts interim audit	27 April 2021
• Council drafts and gives 'Letter of Enquiry to Legal Counsel; to the audit team for posting (sample available on the Audit Office website: <a href="http://www.audit.nsw.gov.au/Publications/Client-Service-Resource">http://www.audit.nsw.gov.au/Publications/Client-Service-Resource</a> )	1 June 2021
• Audit Office issues management letter detailing issues from the interim audit	30 June 2021
• Audit team attends Audit, Risk and Improvement Committee meeting to present the Engagement Closing Report	5 July 2021
• Audit team starts audit of financial statements	6 September 2021
• Council gives financial statements and supporting working papers listed in the Engagement Information Request to the audit team for the: <ul style="list-style-type: none"> <li>– general purpose financial statements</li> <li>– special purpose financial statements (declared business activities and Special Schedule 'Permissible income for general rates')</li> </ul>	8 September 2021
• Audit clearance meeting	1 October 2021
• Audit Office issues Engagement Closing Report	8 October 2021
• Council signs and gives Management Representation Letter to audit team (sample on the Audit Office website: <a href="https://www.audit.nsw.gov.au/our-stakeholders/local-government">https://www.audit.nsw.gov.au/our-stakeholders/local-government</a> )	13 October 2021

Event	Date
• Council approves / reapproves financial statements for lodgement to OLG and for public exhibition, and the Mayor, a Councillor, the General Manager and the Responsible Accounting Officer sign / re-sign the statement	13 October 2021
• Audit Office issues to the Council and to the Secretary of the Department of Planning, Industry and Environment (the Department), in accordance with section 417 of the LG Act the: <ul style="list-style-type: none"> <li>– Independent Auditor's Report on the general purpose financial statements</li> <li>– Report on the Conduct of the Audit</li> </ul>	20 October 2021
• Audit Office issues Independent Auditor's Report on the special purpose financial statements for the Council's declared business activities and Special Schedule 'Permissible income for general rates' to Council and the Secretary of the Department	20 October 2021
• Audit Office reports any identified significant issues to the Minister in accordance with section 426 of the LG Act	20 October 2021
• Council gives the audit team final version of draft Annual Report to review for consistency with the financial statements	When available
• Audit Office issues final Management Letter	29 October 2021
• Audit team attends Audit, Risk and Improvement Committee meeting to present the Engagement Closing Report	8 November 2021
• Council presents audited financial statements and the Independent Auditor's Reports at the Council meeting	10 November 2021
• Audit Office gives the Chief Executive of OLG and the Minister the draft Auditor-General's Report to Parliament. Specific comments referring to Council are given to the General Manager	When available

### Other audits and acquittals

The audit timetable has been discussed and agreed with Mr John Sevil, Director of Finance and Corporate Strategy.

The Engagement Information Request will detail workpapers and other supporting documentation needed for timely completion of the audit.

The other audits and acquittals will be conducted at the same time as the audit of the General Purpose and Special Purpose Financial Statements.

## 6. OTHER ENGAGEMENTS

### Application for Payment of Pensioner Concession Subsidy and Roads to Recovery Program

The Audit Office [website](#) provides additional information on the terms and scope of the audits for the Application for Payment of Pensioner Concession Subsidy and the Roads to Recovery Program.

#### Additional Engagements

The Council may require audits of grant acquittals, compliance with legislation, or to provide assurance on information, reports or returns under the terms of a contract, lease or agreement.

Please advise the audit team if the Council wishes to engage the Audit Office to perform additional audits, reviews or acquittals. Separate engagement letters will be issued to confirm the terms, scope, key issues and fee arrangements for requests received after the issue of this AEP.

## 7. ENGAGEMENT FEES

	2021	2020	Increase/(decrease)	
	\$	\$	\$	%
Estimated audit fee	60,000	59,450	550	1.0
Review of the new accounting standards impact on the Council financial statements	--	2,500	(2,500)	(100.0)
<b>Total audit fee (excluding GST)</b>	<b>60,000</b>	<b>61,950</b>	<b>1,950</b>	<b>3.1</b>
<b>Total audit hours</b>	<b>283</b>	<b>295</b>	<b>(12)</b>	<b>(4.1)</b>
Average hourly rate	212	210	2	1.0

The 2021 estimated audit fee includes:

- Independent Auditor's Reports in accordance with section 417 of the LG Act:
  - a report on the general purpose financial statements
  - a Report on the Conduct of the Audit
- Independent Auditor's Reports on the special purpose financial statements of Council's declared business activities and Special Schedule 'Permissible income for general rates'
- Independent Auditor's Report on the Application for Payment of Pensioner Concession Subsidy
- Independent Auditor's Report on the Chief Executive Officer's Financial Statement for the Roads to Recovery Program under Part 8 of the *National Land Transport Act 2014*.

The estimated audit fee is based on estimated hours, the audit team structure and charge-out rates, known changes in the Council's operations and audit requirements.

The fee may change if matters, not known at the date of this plan, emerge during the audit and significantly change the estimated audit cost. Proposals for additional fees will be discussed with management.

The Audit Office has published its 'pricing approach' to provide transparency about its pricing model and hourly charge-out rates for each role. The Audit Office performs multi-layered benchmarking to promote accountability for its use of public resources. For more information, please refer to the publication on the Audit Office's [website](#).

The Council will be invoiced monthly as costs are incurred. The Audit Office's payment terms are 14 days.

Please provide the Audit Office with a purchase order for the total estimated audit fee.

## 8. ENGAGEMENT TEAM

### Engagement team

The proposed audit team for this engagement is:

Engagement Controller:

Mr Unaib Jeffrey

Audit Leader

02 9275 7450

Email: [unaib.jeffrey@audit.nsw.gov.au](mailto:unaib.jeffrey@audit.nsw.gov.au)

Audit Service Provider Engagement Partner: Mr Luke Malone  
 Director, Prosperity Audit Services  
 02 8262 8700  
 Email: lmalone@prosperity.com.au

Audit Service Provider Engagement Manager: Mr Alex Hardy  
 Associate Director, Prosperity Audit Services  
 02 8262 8700  
 Email: ahardy@prosperity.com.au

## Auditor independence

We confirm, to the best of our knowledge and belief, the proposed audit team meets the independence requirements of the Australian Auditing Standards, and other relevant ethical requirements relating to the audit of the financial statements. In conducting the audit of the financial statements, should any contraventions to independence arise you will be notified of these on a timely basis.

Ethical standards have specific restrictions on employment relationships between an auditee and members of its current or previous audit teams. Please discuss the prospective employment of a current or former audit team member before starting formal employment negotiations with them.

## 9. FINANCIAL REPORTING MATTERS

[Appendix two](#) provides an overview of new accounting standards effective for the first time in the current financial year that may have an impact on the Council's financial statements. The transition to and implementation of these standards may take a significant amount of time and effort. It is important for management to assess the impact of these standards on the Council's financial statements and adequately plan for their implementation.

## 10. REPORTING TO PARLIAMENT

The Auditor-General's Report to Parliament (the Report) will report on trends and provide an independent assessment of the sector focusing on the following areas:

- the results of the council and joint organisation audits of the 2020–21 financial statements
- themes and key observations relating to financial reporting, performance, governance and internal controls.

We will advise of the specific topics the Auditor-General intends to comment on in the Report, the relevant performance data to be collected and the timetable for submitting the information to the audit team. The information reported may change depending on the matters identified during the audit. We will advise you if this occurs.

We may include commentary on specific councils or joint organisations with extreme or high risk issues reported in our management letters. The Report may make recommendations for specific councils, joint organisations or the sector more generally.

The draft Report commentary will be given to the Secretary of the Department and the Minister for Local Government for consideration. If there are specific comments about your Council, they will be given to Mr John Sevil (Director of Finance and Corporate Strategy for consideration. The Audit Office would appreciate receiving your Council's specific comments, within five working days of receiving the draft commentary. Responses should only be provided where there is fundamental disagreement with the factual content of the Report or the Audit Office's interpretation of the data. This helps ensure the Report is not unduly delayed.

The draft Report needs to remain confidential during this process.

Appendix three provides details of recently tabled reports which may be relevant to the Council.

## 11. OTHER MATTERS

### Workplace Health and Safety Legislation

Workplace health and safety (WHS) laws make the Council responsible for meeting legislated standards to ensure the health, safety and welfare for the audit team when they are at your premises.

It is the Council's responsibility to:

- provide the audit team with suitable accommodation and appropriate WHS induction
- implement effective health and safety management systems to manage any hazards and risks
- ensure the audit team is aware of and complies with special personal protective equipment requirements
- appropriately brief the audit team and issue them with the necessary personal protective equipment and training in its proper use.

Further details are provided in the Terms of Engagement.

### Matters covered elsewhere

Please read the AEP together with the standard Terms of Engagement, which provides additional information on:

- the Auditor-General's responsibilities
- auditee resources
- engagement approach
- communication and reports
- submitting financial statements for audit
- materiality, risk and the inherent limitations of an audit
- provision of working papers
- representations
- access
- clearance meetings
- accommodation, facilities and staff amenity
- determination of fees for engagements.

### Publications

The Audit Office has the following useful publications on our website:

- 'Annual Work Program' explains how the Audit Office decides what to focus on and what we intend to cover in the next year. It also gives Parliament, the entities we audit and the broader community some certainty over future topics and the timing of our reports
- 'Professional Update' published quarterly to help auditees and our staff keep abreast of key accounting, auditing and legislative developments in the NSW public sector, including pronouncements by professional standard setters and changes in the regulatory environment. To subscribe or access previous editions please visit our website at: <https://www.audit.nsw.gov.au/our-work/resources>
- 'Financial Reporting Issues and Developments' for the local government sector detailing:
  - current issues and financial reporting developments that may impact the audit
  - accounting standards and pronouncements issued during the year that may impact the financial statements and/or annual report
- 'Local Government Pronouncements Guidance Note' listing key reporting pronouncements issued by OLG.



## APPENDIX ONE – AUDIT APPROACH FOR KEY BUSINESS AND ACCOUNTING PROCESSES

The table below details our observations on the business and accounting processes relevant to the financial statements and our planned audit approach.

Business / accounting process	Observation of business / accounting process	Audit approach
Infrastructure, property, plant and equipment (IPPE), depreciation and asset remediation	<p>The Council uses system Authority Enterprise Software Suite for Local Government to initiate, process and record IPPE. It relies on automated and IT-dependent manual controls to ensure that all valid IPPE transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> <li>• completeness of asset registers</li> <li>• valuations</li> <li>• disclosures in the financial report.</li> </ul>	<p>We will evaluate the design and implementation of relevant controls. Section two Key issues details the audit procedures we will perform over management's assessment of the fair value of the Council's IPPE at 30 June 2021.</p> <p>Our substantive audit procedures will be designed to address other identified risks.</p>
Purchasing and payables	<p>The Council uses Authority Enterprise Software Suite for Local Government) to initiate, process and record purchases. It relies on automated and IT-dependent manual controls to ensure that all valid purchasing transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> <li>• non-compliance with policies and procedures</li> <li>• incorrectly classifying transactions</li> <li>• ineffective procurement controls</li> <li>• fraud and error.</li> </ul>	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness. This will include assessing management controls ensuring the Council's procurement policies are complied with. Our substantive audit procedures will be designed to address other identified risks.</p>
Revenue and receivables	<p>The Council uses Civica Authority system to initiate, process and record revenue. It relies on automated and IT-dependent manual controls to ensure that all valid revenue transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>The Council revenue comprises rates and annual charges, user charges and fees, interest and investment revenue and grants and contributions. The auditing standards presume a risk of fraud in relation to the revenue recognition.</p> <p>We have identified the following areas with risks:</p> <ul style="list-style-type: none"> <li>• Cut-off</li> <li>• Accuracy</li> </ul>	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• testing of sales of goods, rendering services, interest income, rental income and grants and contributions systems and controls.</li> <li>• assessment of the compliance with accounting standards and legislation</li> <li>• sample testing of invoices and cash receipts</li> <li>• test cut-off of revenue transactions</li> <li>• verify material grants revenue and review of obligations under grant agreements</li> <li>• review the authorisation of bad debts and credit note adjustments</li> <li>• analytical review procedures.</li> </ul>

Business / accounting process	Observation of business / accounting process	Audit approach
Payroll and related provisions	<ul style="list-style-type: none"> <li>• Completeness</li> <li>• Occurrence</li> <li>• Disclosure.</li> </ul> <p>The Council uses Civica Authority system to initiate, process and record payroll transactions. Management relies on automated and IT-dependent manual controls to ensure that all valid payroll transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> <li>• non-compliance with policies and procedures</li> <li>• incorrectly estimating provisions and on-costs</li> <li>• ineffective payroll controls, including lack of segregation of duties</li> <li>• fraud and error.</li> </ul>	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness. Our substantive audit procedures will be designed to address other identified risks.</p>

## Information Systems Audit

We will obtain an understanding of and, where applicable, test the design, implementation and operating effectiveness of controls in key financial systems. This provides assurance over the integrity of system reports and operations. The work on Information Technology General Controls (ITGCs) focuses on controls over the following domains:

- **Access to Programs and Data** - To ensure access to programs and data are granted to authorised individual and monitored for appropriateness.
- **Computer Operations** - To ensure financial transactions and data are processed and recoverable in the event of a disaster.
- **Program Changes** - To ensure changes to programs and related infrastructure components are requested, authorised, performed, tested and appropriately implemented.
- **Program Development** - To ensure system development, data migration and implementation follow a formal IT change methodology.

By integrating ITGC work with financial audit procedures, audit teams are better equipped to focus on key risks to the integrity of automated and IT-dependent controls for financial statement assertions.



## APPENDIX TWO – FINANCIAL REPORTING DEVELOPMENTS

### New accounting standards

#### AASB 1059 ‘Service Concession Arrangements: Grantors’

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

An arrangement within the scope of AASB 1059 typically involves a private sector operator designing, constructing or upgrading assets used to provide public services, and operating and maintaining those assets for a specified period of time (e.g. roads, prisons, hospitals and energy suppliers). In return, the private sector operator is compensated by the public sector entity.

AASB 1059 may result in councils recognising more service concession assets (SCAs) and liabilities in their financial statements. SCA and liabilities of service concession arrangements will be recognised earlier (when construction of the asset commences, rather than at its completion).

AASB 1059 is effective for councils for the 2020–21 financial year. The AASB deferred the effective date of AASB 1059 from 1 January 2019 to 1 January 2020 to assist stakeholders with their implementation efforts.

To effectively implement AASB 1059, the Council will need to have:

- an understanding of the new requirements
- adequately planned and prepared for its application including providing training for staff
- assessed the terms and conditions of existing arrangements with private sector operators to assess whether they fall within the scope of AASB 1059 and meet the criteria for recognition as a service concession arrangement or whether they are a leasing or outsourcing arrangement
- develop an implementation plan to apply AASB 1059 if an arrangement falls within the scope of AASB 1059
- considered the impact on reporting to stakeholders regarding the Council’s financial position and performance
- ensured proper guidance is provided to the Internal Audit Committee.

The Council will need to keep detailed working papers evidencing how it has complied with the requirements of AASB 1059, such as working papers to support:

- key decisions and judgements made, for example whether the arrangement falls within the scope of AASB 1059, the current replacement cost of the SCA at the inception of the arrangement, determining the asset and service components of the arrangement, pattern of revenue recognition under the grant of a right to the operator model
- financial statement disclosures.

### New auditing standards

#### Revised ASA 540 ‘Auditing Accounting Estimates and Related Disclosures’

ASA 540 contains the mandatory audit requirements for auditing accounting estimates and their disclosures.

ASA 540 was revised to:

- recognise that audit risks are evolving due to a more complex business environment
- increase the emphasis on professional scepticism
- improve communication and transparency.

While it is the auditor’s responsibility to conform to the new requirements, it may be helpful for the Council to be aware of matters management should consider when preparing for audit requests under the revised standard.

In November 2019, the International Standard on Auditing (ISA) 540 (Revised) Implementation Working Group prepared an audit client briefing [Considerations for Management When Determining Accounting Estimates and Related Disclosures](#) (the Briefing).

The Briefing provides an overview of:

- management's responsibilities in determining when accounting estimates are needed
- management's responsibilities regarding the main components of an estimation process
- the impact on management due to changes to the auditor's responsibilities, including broad questions auditors may ask those involved in the detailed aspects of the estimation process.

This Briefing is not meant to be exhaustive, however it may be a helpful resource for the Council in your process for determining accounting estimates and the related disclosures within the financial statements.

## APPENDIX THREE – RECENTLY TABLED AUDITOR-GENERAL'S REPORTS TO PARLIAMENT

Each year the Auditor-General produces Financial Audit, Performance Audit and Special Reports to Parliament (collectively referred to as Reports). Recently tabled Reports which may be relevant to the Council include:

Name	Issued	Overview
<b>Financial Audit</b>		
Local Government 2019	5 March 2020	<p>This report focuses on key observations and findings from the 2018–19 financial audits of 134 councils and 11 joint organisations in New South Wales and the 2017–18 audit of Bayside Council.</p> <p>The report highlights a number of areas where there has been improvement. There was a reduction in errors identified in council financial statements and high risk issues reported in audit management letters. More councils have audit, risk and improvement committees and internal audit functions. Risk management practices and fraud control systems have also improved.</p> <p>The report also found that councils could do more to be better prepared for the new accounting standards, asset management practices could be strengthened, and information technology controls and cyber security management could be improved.</p>
Internal Controls and Governance	24 November 2020	<p>This report analyses the internal controls and governance at 40 of the largest agencies in the NSW public sector for the year ended 30 June 2020. However, the matters covered in this report are relevant to all public sector entities.</p> <p>The report provides insights into the effectiveness of controls and governance processes in the NSW public sector by:</p> <ul style="list-style-type: none"> <li>• highlighting the potential risks posed by weaknesses in controls and governance processes</li> <li>• helping agencies benchmark the adequacy of their processes against their peers</li> <li>• focusing on new and emerging risks, and the internal controls and governance processes that might address those risks.</li> </ul>
<b>Performance Audit</b>		
Procurement management in Local Government	17 December 2020	<p>This audit assessed the effectiveness of procurement management practices in six councils: Cumberland City Council, Georges River Council, Lockhart Shire Council, Tweed Shire Council, Waverley Council and Wollongong City Council. All six councils had procurement management policies that were consistent with legislative requirements, but the audit found compliance gaps in some councils. The audit also identified opportunities for councils to address risks to transparency and accountability, and to</p>

Name	Issued	Overview
Support for regional town water infrastructure	24 September 2020	<p>ensure value for money is achieved when undertaking procurement.</p> <p>The audit recommended that the Department of Planning, Industry and Environment review the Local Government (General) Regulation 2005 and publish updated and more comprehensive guidance on procurement management for the Local Government sector. The report also generated insights for the Local Government sector on opportunities to strengthen procurement practices.</p> <p>This audit assessed the effectiveness the Department of Planning, Industry and Environment's (the Department's) support for planning and funding town water infrastructure in regional NSW towns and cities. The audit found that the Department has not effectively supported or overseen town water infrastructure planning since at least 2014 and has not had a strategy in place to target investments in town water infrastructure to the areas of greatest priority.</p> <p>The audit made seven recommendations to the Department, aimed at improving the administration and transparency of its oversight, support and funding for town water infrastructure, and at strengthening its sector engagement and interagency coordination on town water planning issues and investments.</p>
Governance and internal controls over local infrastructure contributions	17 August 2020	<p>This audit assessed the effectiveness of governance and internal controls over Local Infrastructure Contributions (LICs) collected by four councils during the 2017–18 and 2018–19 financial years: Blacktown City Council, Central Coast Council, City of Sydney Council and Liverpool City Council. As at June 2018 these councils held the four highest LIC balances, each in excess of \$140 million.</p> <p>The audit answered these questions:</p> <ul style="list-style-type: none"> <li>• Do councils have effective governance arrangements and internal controls in place over the collection, management, and disbursement of local infrastructure contributions and which include accountability for each part of the process?</li> <li>• Do councils regularly report to those charged with governance or other senior officers on the status, investment performance, and risks related to local infrastructure contributions?</li> <li>• Can councils demonstrate that local infrastructure contributions have been spent on, or are being used for, their intended purpose as described in the development contributions plan?</li> <li>• Are local infrastructure contributions managed by individuals with the appropriate knowledge and skills to perform their duties?</li> </ul>
Credit card management in Local Government	3 September 2020	This audit assessed the effectiveness of credit card management practices in six councils: Dubbo

Name	Issued	Overview
		<p>Regional Council, Junee Shire Council, Lane Cove Council, Nambucca Valley Council, Penrith City Council and Shellharbour City Council. The councils selected represent a mix of rural, regional and metropolitan councils. They were also among the top ten users of credit cards within their geographical classification, in terms of the number of credit cards issued or the number of transactions per credit card.</p> <p>The audit found important gaps in each of the six audited councils' credit card management practices. Their policies and procedures covered the essential aspects of credit card use and management, but a lack of coverage or clarity in some areas could lead to inconsistent and inappropriate use of credit cards. These areas included: eligibility to hold a credit card, aligning credit card limits with financial delegations, and the reconciliation procedures.</p>

A full list of our tabled Reports is available on the Audit Office [website](#).

## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help parliament hold government accountable for its use of public resources.



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## Narromine Shire Council

## Internal Audit Committee – Action List As At 5 March 2021

Action No	Action	Responsible Officer	Due Date	Status	Comment
<b>Infrastructure Management Review Report</b>					
1	Review and update of Integrated Water Cycle Management Strategy to include a 30-year Total Asset Management Plan, Long Term Financial Plan and Drought Management Plan	Director Infrastructure and Engineering Services	Dec 2023	In progress	Gantt Chart to be provided to Committee annually
2	Full utilisation of infrastructure and asset data to manage the life, condition and full potential of existing infrastructure, including justifications for future planning infrastructure maintenance and investment decisions	Director Infrastructure and Engineering Services	Mar 2022	In progress	
3	Asset Management documentation to be reviewed as part of IP&R process after new Council is elected.	Director Infrastructure and Engineering Services	Mar 2022	Not due	
<b>Interim Management Letter</b>					
1	Develop Legislative Compliance Register and Policy to strengthen Council's legislative Framework	Director Governance	31 Dec 2020	Completed	Policy adopted by Council 9 December 2020. Verbal update to be provided to Committee at March 2021 Meeting.



# LEGISLATIVE COMPLIANCE POLICY



Document Version Control

<b>Version No</b>	<b>Prepared By</b>	<b>Date Adopted</b>	<b>Review Date</b>
1.0	Director Governance	9 December 2020 Resolution No 2020/283	December 2022

## 1. POLICY STATEMENT

Council is committed to ensuring that it complies with all applicable laws and regulations, and that it strives to meeting the requirements of those standards and codes of practice that apply to its day to day activities and responsibilities.

## 2. PURPOSE

The policy provides a strategic and consistent approach to establishing and promoting a good governance culture, ensuring that Council meets its compliance obligations in a proactive, timely and transparent manner.

## 3. DEFINITIONS

Council	Narromine Shire Council
Compliance	Adhering to the requirements of the laws, industry and organisational standards and codes, Council policies and plans, principles of good governance and accepted community and ethical standards
Compliance Obligation	A requirement specified by laws, regulations, codes and organisation standards
Executive Leadership Team	General Manager, Directors, Executive Manager Human Resources
Legislative Compliance Register	A record maintained by the Director Governance used to identify Council's compliance obligations and to assess the risk, impact and likelihood of non-compliance with these obligations
Legislative Compliance Checklist	A record maintained by the Director Governance to monitor compliance with legislative obligations
Non-Compliance	Refers to an act or an omission, which causes Council to fail to meet its compliance obligations
Responsible Officer	An employee who has been assigned responsibility for specified compliance obligations

## 4. SCOPE

This policy applies to all Councillors, staff, contractors and volunteers.

## 5. PRINCIPLES

- Council will identify relevant requirements of Commonwealth and State legislation, regulations, codes and Australian Standards that govern its operations.
- Council will identify a responsible officer for legislative compliance obligation. The information will be compiled in a Legislative Compliance Register. The register will be risk rated according to Council's Enterprise Risk Management Policy, and legislative compliance obligations will receive a rating.

- Council will utilise NSW Legislative notifications, Office of Local Government Circulars, and various industry subscription notifications to flag changes to legislative obligations to the responsible officer.
- The responsible officer will ensure any changes are implemented and communicated.
- Employees will be responsible for identifying and reporting suspected or potential legislative compliance failures.
- Council will monitor compliance with legislative obligations using the Legislative Compliance Checklist.
- Identified non-compliance with legislative obligations will be reported to the Internal Audit Committee.
- Council will regularly review the Legislative Compliance Policy and related documents.

## **6. ROLES AND RESPONSIBILITIES**

Legislative compliance is an ongoing responsibility of all Council officers including contractors and volunteers. To ensure organisational compliance: -

### **Councillors will**

- Adhere to and comply with all relevant legislation and policies that are endorsed by Council
- Review and endorse the Legislative Compliance Policy periodically.

### **Internal Audit Committee will**

- Adhere to and comply with all relevant legislation, including Council policies and administrative procedures
- Review the Legislative Compliance Policy periodically
- Evaluate the adequacy and effectiveness of controls in responding to compliance with laws, regulations and policies
- Provide recommendations for any reporting on compliance, including any identified areas of non-compliance or breaches

### **Executive Leadership Team will**

- Adhere to and comply with all relevant legislation, including Council policies and administrative procedures
- Encourage behaviours that create a positive compliance culture
- Support implementation to better identify, monitor and report on compliance obligations
- Report on any areas of identified non-compliance and ensure corrective action is taken

**General Manager** will

- Be responsible for organisational compliance, ensuring a framework is in place and providing Councillors and staff with the necessary information and training to fulfil their compliance obligations and reduce the organisation's risk of non-compliance
- Investigate and report any breaches of identified non-compliance to the Director Governance

**Director Governance** will

- Be responsible for managing the implementation and ongoing coordination of the Legislative Compliance Register and Checklist, ensuring all responsible officers fulfil their compliance obligations
- Be responsible for applying risk ratings to individual compliance obligations
- Monitor changes to laws and other obligations through NSW Legislation notifications, Office of Local Government circulars, and subscription notifications and advise responsible officers of such
- Report any areas of identified non-compliance to the Internal Audit Committee

**Managers and Co-ordinators** will

- Adhere to and comply with all relevant legislation and policies and administrative procedures
- Review and provide regular reporting updates on legislative compliance obligations
- Notify the General Manager and Director Governance on any identified areas of non-compliance
- Undertake corrective action to comply in a timely manner

**Employees** will

- Adhere to and comply with all relevant legislation and policies and administrative procedures
- Report any identified risks of non-compliance or breaches, when they become aware, to their supervisor.

**7. POLICY NON-COMPLIANCE**

Failure to comply with legislative compliance obligations may result in penalties, fines, adverse findings or breaches resulting in the risk of costly legal action.

**8. RELATED DOCUMENTS**

- Code of Conduct and Procedures
- Enterprise Risk Management Policy
- Legislative Compliance Register
- Legislative Compliance Calendar
- Delegations Register
- Procurement Policy

## OFFICE OF LOCAL GOVERNMENT CIRCULARS

Circular No.	Date	Title	Related Issue	Council Action
20-38	25 Nov 2020	Special Rate Variation and Minimum Rate Variation Guidelines and Process	For Councils seeking to apply for a special rate or minimum rate variation.	Forwarded to Executive Leadership Team and Revenue Accountant. NSC not seeking to apply.
20-39	30 Nov 2020	Constitutional referendums and council polls	Councils are reminded to inform the NSW Electoral Commissioner (NSWEC) if they have resolved for the NSWEC to administer a constitutional referendum or poll in conjunction with the September 2021 local government elections.	Reported to December 2020 Council Meeting for information to be noted.  No further action required.
20-40	11 Dec 2020	Local Government Code of Accounting Practice and Financial Reporting 2020-21	Code to be used for preparation of annual financial statements.	Forwarded to Executive Leadership Team. Director of Finance and Corporate Strategy to consider for preparation of annual financial statements.
20-41	21 Dec 2020	Further extension of increased tendering exemption threshold for contracts for bushfire response and recovery to 30 June 2021	Contracts for the purpose of bushfire- related response and recovery work has been extended for a further six months to 30 June 2021	Council exempt/Not applicable
20-42	22 Dec 2020	Release of Exposure Draft Bill on local government rating reform	An Exposure Draft Bill has now been released for public consultation as part of the Government's commitment to implement reforms to ensure a fairer and more flexible rating system for councils and ratepayers.	Information noted and response sent 1 February 2021

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**MINUTES OF THE RURAL FIRE SERVICE LIAISON COMMITTEE MEETING HELD AT THE  
NARROMINE SHIRE COUNCIL CHAMBERS ON TUESDAY 9 MARCH 2021**

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**PRESENT:**

Cr Robert McCutcheon	Councillor, NSC
Bron Waters	Orana NSW Rural Fire Service
André Pretorius	Director Infrastructure and Engineering Services, NSC
Neville Roberts	Narromine Rural Fire Service
Sarah Masonwells	Minute Taker, NSC

**1. WELCOME**

The Chair welcomed those present and declared the meeting open at 9:50am.

**2. APOLOGIES**

**RECOMMENDED** by consensus that the apologies of Cr Colin Hamilton be accepted.

**3. MINUTES OF THE PREVIOUS MEETING**

**RECOMMENDED** Cr McCutcheon/Director Infrastructure and Engineering Services that the minutes of the previous meeting held on 25 June 2020 be accepted as a true and accurate record of the meeting.

**4. BUSINESS ARISING FROM THE MINUTES**

- Weemabah Shed has now been completed
- Planning and DA's are in the process phase for the next four shed builds
- Discussion regarding local contractors and the process of Council's Procurement Policy

**RECOMMENDED** Neville Roberts/Cr McCutcheon that Council look at avenues to advertise to local contractors to invite them to register with Council

**5. SCHEDULE THREE REPORT**

Bron Waters tabled the Quarterly Performance Report (**see Attachment No. 1**) and summarised the following contents:

- Everything going well and meeting KPI's
- There is no allocation for this area for shed builds for the next financial year
- However, the following brigades are receiving the following in the next financial year;
  - Bundamah, a new Cat 1
  - Tomingley, a new Cat 9
  - Waterloo, Narromine Town and Trangie Town are receiving refurbished Cat 1's
- Treasury funds are no longer getting carried over to the next year
- For future shed builds it will be done in three stages
- A new 10 year plan has been drafted for the Orana Region. This will be approved before distribution. Boggy Plains, Narwonah, Tyrie and Mungeribar are on this plan
- Builds on private land are creating issues with leases if the land is sold
- Crown land builds are causing some issues

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**MINUTES OF THE RURAL FIRE SERVICE LIAISON COMMITTEE MEETING HELD AT THE  
NARROMINE SHIRE COUNCIL CHAMBERS ON TUESDAY 9 MARCH 2021**

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**5. SCHEDULE THREE REPORT CONT.**

**RECOMMENDED** Bron Waters/Neville Roberts that the Quarterly Performance Report as presented to the meeting be accepted.

**6. GENERAL BUSINESS**

- Neville Roberts noted that the sheds need to be built where alarms can be heard etc.
- The Director Infrastructure and Engineering Services, NSC noted Council are working with RFS for the appropriate placement for the shed builds
- Bron Waters noted that they remained two staff short at this time
- Neville Roberts noted although slashing is required, it is still too dry and dangerous
- The Director Infrastructure and Engineering Services, NSC noted an initial spray was conducted early in the season, but due to regrowth a further spray is required
- Bron Waters noted regarding roadside slashing that 16 roads have been nominated and approved for hazard reduction, and it is worth while extending this, as there is funding still available for chemical treatment, grading and slashing. The Director Infrastructure and Engineering Services, NSC will liaise with Bron Waters regarding the addition of roads
- The Director Infrastructure and Engineering Services, NSC noted Council have engaged a contractor to commence slashing for hazard reduction
- Neville Roberts noted he has received several queries where roads have been graded and Council have created windrows. Is the Council able to flatten these out, as a lot of land holders slash from the road to their fence and they are unable to with these windrows. The Director Infrastructure and Engineering Services, NSC will take this on notice and advise of the outcome after speaking to the Roads Manager.
- The Director Infrastructure and Engineering Services, NSC noted if land holders are slashing within the road reserve, they are required to advise Council and complete any relevant forms

**RECOMMENDED** Neville Roberts/Cr McCutcheon that Council liaise with LLS and RFS to investigate the possibilities of a coordinated approach of the hazard control at local reserves through mitigation

**7. NEXT MEETING**

The date for the next meeting is Tuesday 3 August 2021 at 10am.

There being no further business the meeting closed at 10.50am.

The minutes (pages 1-2) were confirmed on \_\_\_\_\_ 2021 and are a true and accurate record of proceedings of the meeting held on 9 March 2021.

**CHAIR**

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QUARTERLY PERFORMANCE REPORT

Region West		QTR		March		Financial Year		2020/21			
Orana											
BP Reference	INITIATIVE/PROGRAM/ACTIVITY (What are we doing to achieve the Corporate Objective)	EXPECTED OUTCOME (What do we expect to achieve through this initiative)	Q3 TARGET (Date, number or %)	x	y	KPI or Milestone Result	STATUS	OVERALL INITIATIVE STATUS (schedule and deliverables)	REASON BEHIND	WHAT HAPPENED (include any issues)	CORRECTIVE ACTION
A1.1.1	Enhance leadership and operational capability of NSW RFS members	Minimum of one multi-agency incident management exercise conducted at each District by 1 October annually	Complete by Q2	1	1	100%	Completed	Completed			
A1.1.2	Enhance leadership and operational capability of NSW RFS members	Minimum of one joint training activity undertaken between RFS and FRNSW in accordance with relevant district MAA/MOU	Minimum 1 per District by Q4	2	4	50%	On Target	On Target			
A1.1.3	Enhance leadership and operational capability of NSW RFS members	Each District to undertake an operational quick decision exercising (ITASC, FTASC, Emergency Logistics, Planning). Complete five (5) sessions a quarter	Minimum 5 per District per Quarter	1	5	20%	On Target	On Target			
A1.1.4	Enhance leadership and operational capability of NSW RFS members	Undertake gap analysis of completion and approval of pre-planning requirements for hazard reduction activities - gap analysis to be completed by end of Q2	Complete by Q2	2	4	50%	On Target	On Target	Other	Lack of staffing	Recent recruitment for OpO hopefully to alleviated staff shortage
A1.2.1	Comply with data requirements for operational corporate systems	BIRS reports validated (90%)	90%	242	242	100%	On Target	On Target			
A1.2.2	Comply with data requirements for operational corporate systems	All ICAM level 2 investigations with a draft completed within one month of being allocated	100%	0	0	#DIV/0!	On Target	On Target			
A1.3.1	Increase understanding of current dispatch practices	Each District to provided a brief to Region on current dispatch processes	Complete by Q4	1	1	1	Completed	Completed			
A2.1.1	Enhance fire trail networks	Number of Districts that have held a FAFT workshop in accordance with the published schedule, including volunteer consultation	Complete by Q4	2	2	2	Completed	Completed			
A2.1.2	Enhance fire trail networks	Number of Districts that have a BFMC endorsed FAFT plan in accordance with the published schedule	Complete by Q4	1	1	100%	Completed	Completed			
A2.2.1	Ensure completion of District Bush Fire Risk Management Plan annual works program	Percentage of the District BFRMP annual proposed works plan completed (IE Those proposed works in BRIMS against those completed)	80% by Q4	32	78	41%	At Risk	At Risk	Weather	Rain activity during optimal burning period	Undertake HRs when conditions allow
A2.5.1	Formalise inclusion of smoke management in HR planning	Engage FBANS for HRs that will impact communities (Number of times FBANS engaged year to date)	Number	2	2	100%	On Target	On Target			
A3.1.1	Training adequately planned	Number of members with PBS qualification increased (target two (2) members per District signed off annually)	Minimum 2 per District by Q4	1	2	1	On Target	On Target			
A3.1.3	Training adequately planned	All training plans endorsed by the District Manager by Q3 annually	100% by Q3	1	1	100%	Completed	Completed			
A3.1.4	Training adequately planned	Increase number of volunteers with IMT qualifications	Number	0	1	#REF!	On Target	On Target	Delay in related initiative	No IMT Training available	Encourage interested members to complete ICS for IMTs Enrol identified members on earliest IMT course
A3.2.1	Members are publicly recognised for their outstanding contribution to the NSW RFS	Number of eligible members presented with long service awards in current financial year (min 30 per District)	Minimum 30 per District by Q4	10	30	33%	On Target	On Target			



QUARTERLY PERFORMANCE REPORT

Region West		QTR		March		Financial Year	2020/21				
Orana											
BP Reference	INITIATIVE/PROGRAM/ACTIVITY (What are we doing to achieve the Corporate Objective)	EXPECTED OUTCOME (What do we expect to achieve through this initiative)	Q3 TARGET (Date, number or %)	x	y	KPI or Milestone Result	STATUS	OVERALL INITIATIVE STATUS (schedule and deliverables)	REASON BEHIND	WHAT HAPPENED (include any issues)	CORRECTIVE ACTION
A3.3.1	Effective consultation contributes to achievement of corporate objectives	Minimum of two Captains meetings held per year	Minimum 2 per District by Q4	1	2	50%	On Target	On Target			
A3.3.2	Effective consultation contributes to achievement of corporate objectives	Minimum of four SMT meetings held per year	Minimum 4 per District by Q4	2	4	50%	On Target	On Target			
A3.4.1	Promote organisational diversity through inclusive and flexible membership ensuring volunteer culture remains core to our business now and in the future (response, capability, recruitment, retention, training, mentoring)	Number of brigades that have undertaken a brigade health check with the assistance of District staff in line with recruitment and retention kit (target two (2) checks per year undertaken per District)	Minimum 2 per District by Q4	0	2	0%	At Risk	At Risk	Other	High operational activity and COVID19	To be discussed with Brigades at AGM's during quarter and undertake with those interested
A4.1.1	Ensure fire fighting appliances are inspected in accordance with the requirements of the Rural Fires Act	All District annual fire fighting appliances roadworthy inspection recorded on SAP EAM	100%	145	145	100%	Completed	Completed			
A4.2.2	Comply with HSW legislation for Districts and Brigades for the continuous improvement of District safety initiatives	All non-compliant mezzanines permanently restricted (other than sign) where ongoing use of mezzanine is not desired	100%	4	4	100%	Completed	Completed			
A4.2.3	Comply with HSW legislation for Districts and Brigades for the continuous improvement of District safety initiatives	All Brigade WHS validated Site Management plans are reviewed annually and are current	Review complete by Q4	0	47	0%	At Risk	At Risk	Scope change	Implementation of	Priority item for 4th quarter
A4.3.1	Implement planned program for station/FCC builds	Three year planned Stations/FCC build program to be reviewed by end of Q1 annually	Complete by Q1	1	1	100%	Completed	Completed			
A4.3.2	Implement planned program for station/FCC builds	Complete stations/FCC building works in line with approved project proposal and budget allocation (individual projects to be listed in DM work plans)	Complete by Q4	1	1	100%	Completed	Completed			
A4.4.1	Complete implementation of SAP EAM (fleet first priority)	Review SAP EAM data and highlight identified issues with Engineering to ensure fleet data is as up to date and accurate as possible	Complete by Q3	145	145	100%	On Target	On Target			
A5.1.1	Comply with professional development and work plan framework	All current staff (established ongoing roles) have a work plan developed and agreed with their Manager	100%	4	7	57%	Completed	Completed	Resourcing (human)	1 Staff on leave, 1 position vacant	Workplans to be completed by end of March 2021
A5.2.1	Actively engage with Local Government	Minimum of two District Liaison Committee meetings held per committee per year	Minimum 2 per District by Q4	1	2	50%	On Target	On Target			
A5.2.2	Actively engage with Local Government	Minimum of two meetings held between Council General Manager/Mayor and District Manager to ensure key stakeholder engagement	Minimum 2 per District by Q4	1	2	50%	On Target	On Target			

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**MINUTES OF THE NARROMINE AUSTRALIA DAY COMMITTEE MEETING HELD IN  
NARROMINE SHIRE COUNCIL CHAMBERS ON TUESDAY 23 MARCH 2021**

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**PRESENT:** Cr Les Lambert (Chair), Cr Mark Munro, Phil Johnston (Director Community and Economic Development) Pr. David Taylor, Ros Reid, Keith Elrington and Alison Attwater (Minute Secretary).

The Chair welcomed those present and declared the meeting open at 4.33pm.

**1. APOLOGIES**

Nil

**2. DECLARATION/CONFLICT OF INTEREST**

Nil

**3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**RECOMMENDED** Ros Reid/David Taylor that the Minutes of the previous meeting of the Narromine Australia Day Committee held on 12 January 2021 be accepted as a true and accurate record of the meeting.

**4. BUSINESS ARISING FROM THE MINUTES**

Nil

**5. AUSTRALIA DAY 2021 REVIEW**

- Cr Lambert reported positive feedback on the small COVID compliant gathering held at the Council Chambers in 2021.
- One issue to be noted with the ceremony being held outside the Council Chambers was the noise from passing trucks.
- Livestreaming of the event was well received.
- The committee noted the success of Isabella Baine as 2021 Australia Day Ambassador for Narromine and Trangie.
- The success of engaging a local audio operator was noted and that this should be repeated in future years.

**6. GENERAL BUSINESS**

Nil

**7. NEXT MEETING**

It was noted, the next meeting of the Narromine Australia Day Committee will be held on Tuesday, 12 October 2021, commencing at 4.30pm at the Council Chambers.

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**MINUTES OF THE NARROMINE AUSTRALIA DAY COMMITTEE MEETING HELD IN  
NARROMINE SHIRE COUNCIL CHAMBERS ON TUESDAY 23 MARCH 2021**

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There being no further business, the meeting closed at 4.50pm.

The minutes (pages 1-2) were confirmed on \_\_\_\_\_ 2021 and are a true and accurate record of proceedings of the meeting held on 23 March 2021.

**CHAIR**

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