

## ITEM 7 FOUR-YEAR STRATEGIC AUDIT RISK AND IMPROVEMENT COMMITTEE WORKPLAN

The Office of Local Government (OLG) released the final version of the Guidelines “*Risk Management and Internal Audit for Local Government in NSW*” in July 2024. The Guidelines require the Audit, Risk and Improvement Committee to develop a strategic and annual workplan to ensure all matters listed in section 428A of the *Local Government Act 1993* are reviewed by the Committee.

### RECOMMENDATION

The Four-Year Strategic Audit, Risk and Improvement Committee Workplan be adopted by Council.

### REPORT AUTHORISATIONS

Report of: Todd Hopwood, Manager Customer + Business Integrity  
 Authorised by: Renee Campbell, Director Corporate Services - Connected + Engaged City

### ATTACHMENTS

- 1 Four Year Strategic Audit, Risk and Improvement Committee Workplan

### ACRONYMS USED IN REPORT

Abbreviation	Meaning
ARIC	Audit, Risk and Improvement Committee
OLG	Office of Local Government

### BACKGROUND

The Office of Local Government (OLG) released the guideline “*Risk Management and Internal Audit for Local Government in NSW*” in 2024. The Guideline outlines minimum requirements for how Councils carry out and engage Internal Auditors, Audit Risk and Improvement Committees and provides minimum requirements for a Risk Management Framework. The Guidelines require the Audit, Risk and Improvement Committee to develop a strategic and annual workplan to ensure all matters listed in section 428A of the *Local Government Act 1993* are reviewed by the Committee.

### PROPOSAL

Council's ARIC must develop a strategic work plan every four years to ensure that all the matters listed in section 428A of the *Local Government Act* are reviewed by the Committee and considered by the internal audit function when developing their risk-based program of internal audits including an annual plan to guide its work over the forward year.

The ARIC had previously adopted a four-year strategic workplan which was adopted by the Audit, Risk and Improvement Committee in September 2023. The new OLG guidelines now require this workplan to be presented to Council which previously was not a requirement. The Four-Year Strategic Workplan has now undergone a review to ensure the plan aligns with current organisational strategic risks and key organisational issues it faces and is tabled for adoption.

It is essential that the work of the audit, risk and improvement committee is thoroughly planned and executed and that councils receive value for money from their assurance investment. This plan assists in ensuring this occurs and providing assurance to Council on the Committee's operations.

### CONSULTATION AND COMMUNICATION

The OLG Risk Management and Internal Audit Guidelines state:

*The plan must be developed by the audit, risk and improvement committee in consultation with the governing body, general manager, the internal audit coordinator and senior managers (where appropriate) and adopted by the governing body of the council at the start of the council term.*

*To maintain the independence of the audit, risk and improvement committee, the governing body of the council must be careful when adopting the strategic work plan not to direct the committee's work over the council term.*

The Audit, Risk and Improvement Committee in conjunction with Council, Senior Management and the Governance and Risk Unit have developed the attached workplan to meet the requirements of the OLG guidelines.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 Goal 4 "We are a connected and engaged community". It specifically delivers on the following:

Community Strategic Plan 2032		Delivery Program 2022-2026	
Strategy		Service	
4.7	Demonstrate responsible decision-making based on our values, collaboration, and transparent and accountable leadership	Governance and Administration	

## RISK MANAGEMENT

Risk management is a fundamental component of decision making in all Council activities. All decisions made by Council and its officers need to consider the risks involved in taking those decisions and the impact those decisions will have on the achievement of Council's objectives. Successful implementation of the Four-Year Strategic Audit Risk and Improvement Committee Workplan and the oversight of the Audit Risk and Improvement Committee will enhance the delivery of our interconnected Community Goals outlined in the Community Strategic Plan

## CONCLUSION

The Four-Year Strategic Audit, Risk and Improvement Committee Workplan meets the requirements of the OLG guidelines and *Local Government Act 1993* and is recommended for adoption.



Wollongong City Council

## Strategic Four Year Workplan - Audit, Risk and Improvement Committee

Adopted XXXX 2025

## STRATEGIC FOUR YEAR WORKPLAN – AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC)

ARIC

### 1 Introduction

Wollongong Council has established an Audit, Risk and Improvement Committee (Committee) in compliance with section 428A of the *Local Government Act 1993* (the Act), the *Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulations 2023* and the Office of Local Government's Guidelines for Risk Management and Internal Audit for Local Government in NSW. The Committee must develop a strategic workplan (the Strategic Workplan) to fulfill its roles and responsibilities.

### 2 Objectives

This Strategic Workplan sets out the program for the Committee for the following four- year period based on the following:

- Responsibilities of the Audit, Risk and Improvement Committee
- Council's Governance Framework
- Council's Enterprise Risk Management Framework
- Council's Internal Audit Charter
- Council's Audit, Risk and Improvement Committee Terms of Reference

Note: The workplan is set by the Committee and subject to change and can be amended as required to respond to emerging areas of concern to the Committee by the Committee.

In developing this plan, the Committee has considered the council's strategic objectives and risks, the work of other review activities or functions (for example, external and performance audits, and reviews or audits by other government agencies), relevant assurance maps and stakeholder expectations.

### 3 Guiding Principles

The guiding principles for the Council's Committee include:

- The Committee is independent of the Council.
- The Committee is equipped with the relevant expertise and has access to the council resources and information necessary to fulfil its role and responsibilities effectively.
- Each council receives relevant and timely advice and assurance from the Committee on the matters listed in section 428A of the *Local Government Act*.
- The work of the Committee is thoroughly planned and executed, risk-based and linked to the Council's strategic goals.
- The Committee adds value to the council and is accountable to the governing body for its performance.
- The Council is accountable to the community for complying with statutory requirements and the Guidelines relating to the Committee.

### 4 Role and functions

Under section 428A of the *Local Government Act 1993*, each Council must have an Audit, Risk & Improvement Committee to independently review and advise on the following aspects of the Council's operations:

- Compliance
- Risk management
- Fraud control
- Financial management
- Governance
- Implementation of strategic plan, delivery program and strategies

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- Service reviews
- Collection of performance measurement data by the council, and
- Any other matters prescribed by the regulation

ARICs have an advisory and assurance role that is independent of the Council. They are to exercise no administrative functions, delegate financial responsibilities or any management functions for Council.

The Committee provides independent advice to the Council that is informed by the Council's Internal Audit and Risk Management activities, and information and advice provided by Council staff, relevant external bodies and other subject matter experts. Individual Councillors cannot request or receive information from the Committee as prescribed by the Guidelines.

### 5 Goals and Expected Outcomes

The goals and expected outcomes of the ARIC across the Council term are as follows:

- Assist in achieving the Council's strategic objectives by providing advice around governance arrangements in place to support Council's objectives
- To review and provide advice on matters listed in Schedule 1 of the Audit, Risk and Improvement Committee's Terms of Reference
- To provide an annual report to Council of the activities reviewed by the Committee, and to provide a comprehensive independent assessment each Council term on all matters listed in section 428A of the *Local Government Act*.

### 6 Key organisational issues and risks

This plan is reviewed and updated annually, and consideration is given to the key (strategic) risks and organisational issues Council. The Internal Audit Plan also considers these risks from an external and internal environment perspective. The Committee reviews this plan annually considering changes in the risks identified. The following key risks have been identified by Council and have been considered in the development of this plan and the development of the current Internal Audit Plan:

- Service Delivery
- Brand and Reputation
- Climate Change
- Compliance
- Cyber Security
- Environment
- Financial Security
- Fraud and Corruption
- Procurement and Contracts
- Safety of our People
- Strategic Asset Management
- Workforce Resourcing and Capability



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### 7 Members

The ARIC consists of an independent Chair and two independent members who have voting rights and one non-voting Councillor observer. The Lord Mayor cannot be appointed as the Councillor observer.

Members are appointed by resolution of the Council for up to four years and may be reappointed for a further four years, however, members can only hold a position for a maximum of eight years in a ten-year period.

The Mayor, General Manager and the Internal Audit Coordinator/Governance and Risk Manager attend Committee meetings as non-voting observers as required in the Office of Local Government Guidelines.

Current Members of the ARIC include:

Name	Role	Term Expiry
Donna Rygate	Independent Chair	31 October 2027
Robert Lagaida	Independent member	31 October 2026
Carl Murphy	Independent member	31 December 2028
Cr Thomas Quinn	Councillor non-voting observer	Term of Council

### 8 Stakeholders

ARICs role is to provide independent advice and assurance to the Council. To achieve this the ARIC ensures information, discussions and presentations are provided from a range of stakeholders at each meeting including the External Auditor (Audit Office of NSW), Internal Auditor, General Manager, Senior Staff, Governance and Risk Manager and subject matter experts.

### 9 Key Staff

Wollongong City Council staff who attend ARIC include:

Name	Role
Greg Doyle	General Manager
Renee Campbell	Director Corporate Services
Todd Hopwood	Manager, Customer and Business Integrity
Michelle Martin	Governance and Risk Manager Internal Audit Co-Ordinator
Brian Jenkins	Chief Financial Officer

Council staff presenting information to ARIC attend the meeting for the relevant discussion.

### 10 Meetings

ARIC meetings are generally held once a quarter.

Additional meetings are often held to review the financial statements before and after audit depending on statutory accounts finalisation dates. These are determined annually as requirements become known.

### 11 Strategic Workplan

The Committee is required to develop a four-year strategic workplan to ensure the above areas are reviewed by the Committee and considered in developing the internal audit plan.

## STRATEGIC FOUR YEAR WORKPLAN – AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC)

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The work of the Committee is to be thoroughly planned so all activities and functions are considered, and advice and assurance can be provided to Council.

The ARIC Strategic Plan is an organic document that is reviewed and updated at least annually by the Committee. The current four-year strategic workplan is noted below. The workplan, is a cyclical plan which will be followed for the coming four years to the end of the council term. This ensures each area is considered appropriately on an annual basis. As noted in Section 2, the workplan is subject to change and can be updated where required for arising business from the categories of council's operations discussed in Section 4.

The 4-Year Work schedule below is a component of the ARIC Strategic Plan and is a high-level overview of the planned and scheduled program of audits, organisational risks presentations, service reviews and other activities. Given the work of ARIC is broad, the 4-Year Work Plan needs to be adaptable and flexible to meet any changing needs identified by the ARIC members or Council. The 4-Year Work Plan will inform the ARIC End of Term Report presented to Council.

The calendar of business which forms the strategic workplan for the next four years can be seen below:

Responsibility	Activity	Frequency	Meetings 2025-2027 (quarterly reoccurring)			
			Sept	Dec	Mar	Jun
Risk Management	Enterprise Risk Management Report	Quarterly	✓	✓	✓	✓
	Presentation on Risk Related Topic	Quarterly	✓	✓	✓	✓
	Update on Strategic Risks	Quarterly	✓	✓	✓	✓
	Risk Appetite/Risk Tolerances	Annual			✓	
	Business Continuity Management and Crisis Management	Annual				✓
	Cyber Security	Annual				✓
Financial Management	Monthly Financials (Monthly Out of Session)	Monthly	✓	✓	✓	✓
	Forthcoming Year's Budget	Annual				✓
	Financial Sustainability and Long-Term Financial Plan Update	Annual			✓	
	Review of Financial Statements (before and after audit)	Annual		✓ *		
	Updates to Financial Policies and Procedures	As required	✓	✓	✓	✓
External Audit	Client Engagement Plan	Annual			✓	
	Engagement Closing Report*	Annual		✓		
	Interim Management Letter	Annual				✓
	Final Management Letter	Annual		✓		
Compliance	Legislative Compliance Update	Annual	✓			
Fraud and Corruption	Fraud and Corruption Control Plan and Framework Update	Annual				✓
	Meeting with Professional Conduct Coordinator	Quarterly	✓	✓	✓	✓
Governance	Privacy Management	Annual			✓	
	Internal Controls Checklist and Results	Annual			✓	
	Code of Conduct Registers Reporting (Conflicts of Interest, Secondary Employment and Gifts and Benefits)	Annual	✓		✓	
	Status Update – Council Level Policies	Annual		✓		
	Councillor Expenses – Annual Report for ARIC	Annual	✓			
	IP&R Annual Update on the implementation and achievement of IP&R Objectives	Annual		✓		
	Write-offs of debts pursuant to s213 of the Local Government Act approved by the General Manager	Monthly	✓	✓	✓	✓

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Responsibility	Activity	Frequency	Meetings 2025-2027 (quarterly reoccurring)			
			Sept	Dec	Mar	Jun
	Monthly Executive Key Performance Indicators Report	Monthly	✓	✓	✓	✓
Innovation and Improvement	Service Reviews – Annual Update	Annual			✓	
	IPR – Annual Update on the implementation and achievement of IP&R Objectives	Quarterly	✓			
Internal Audit	Audit Recommendation Implementation Status Report	Quarterly	✓	✓	✓	✓
	Internal Audit Report – Status Update	Quarterly	✓	✓	✓	✓
	Extension of Internal Audit Tasks	As required	✓	✓	✓	✓
	Tabling of Completed Internal Audit Reports	Quarterly	✓	✓	✓	✓
	Review Internal Audit Charter	Annual				✓
	Review Forward Internal Audit Plan	Quarterly			✓	
	Review Audit, Risk and Improvement Committee Terms of Reference	Annual			✓	
	Review of the Internal Audit Charter	Annual			✓	
Audit, Risk and Improvement Committee	Annual Self-assessment	Annual	✓			
	Quarterly Update to Council	Quarterly	✓	✓	✓	✓
	Annual Attestation*	Annual	✓			
	Annual Report to Council	Annual		✓		
	Review Strategic and Annual Workplan	Annual				✓
	Committee Meeting Dates for Forthcoming Year	Annual	✓			

\*Review of financial statements often occurs at additional meetings scheduled in August and October each year. The timing of these meetings depends on the date the financial statements are required to be submitted to the Audit Office of NSW and the date the audit is completed.

In addition, the Committee will review the following activities every council term:

- Strategic Assessment - comprehensive independent assessment of all the matters listed in section 428A of the Local Government Act that have been reviewed during the council term.
- Effectiveness of the ARIC in conformance with the Global Internal Audit Standards (discussed in section 11).

When considering whether to vary the strategic work plan, the Committee must consider the impact of the variation on the internal audit and the applicable function's existing workload and the completion of pre-existing priorities and activities identified under the strategic workplan.

### 12 Internal Audit Plan

Council is currently in the third year of its current internal audit plan.

A forward plan for the next 4 years will be developed during 2025-2026 and finalised before the commencement of the 2026-27 financial year.

The internal audit function has developed a forward internal audit plan by considering the following:

- Strategic Risks of Council
- Susceptibility to fraud and corruption.
- Time since last audit, risk rating of previous findings, directorate priority, impact on strategic objectives
- Audit Office NSW focus areas
- Consultation with the Directors and the General Manager



## STRATEGIC FOUR YEAR WORKPLAN – AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC)

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The 2025-2026 internal audit plan includes the following audits: Budget Planning and Management, Security of Premises, Business Continuity Management, Building Site Compliance Processes, Project Management – Major Capital, HR Management (Recruitment and Performance Management) and WHS – Volunteer Management.

These internal audits will be outsourced to our contracted internal audit provider. Budget has been provided as per the current four-year internal audit contract. Further details are provided on scheduling, resources and scope per to the Committee through the annual review of the internal audit plan and quarterly updates to the Committee.

Management may request internal audit services in response to emerging business issues or risks. Internal Audit will attempt to satisfy these requests subject to the assessed level of risk, availability of resources, and endorsement of the Audit, Risk and Improvement Committee

### 13 Key Performance Indicators

At least once each council term, the elected Council will conduct a review of the effectiveness of the Committee in conformance with the Global Internal Audit Standards.

Below are the review criteria to assess the performance of the Committee:

- the appropriateness of the Committee's terms of reference and whether these have been complied with
- the processes and procedures undertaken by the Committee.
- the collective performance of the Committee including:
  - the quality and timeliness of assurance and advice provided by the Committee to the governing body and general manager
  - the effectiveness of the Committee in meeting its responsibilities
  - the relationship and quality of communication with the council and other stakeholders
- the individual performance of each member including their:
  - understanding of the council, its key risks and internal controls
  - ability to act objectively and independently
    - preparation for Committee meetings
    - contribution to the work of the Committee through their participation in discussion and decision-making, skills and experience
- The performance of the chairperson including whether the chairperson has:
  - Demonstrated positive leadership
  - Maintained effective working relationships among ARIC members and with the Councils Internal and External Audit Functions
  - Ensured Council and General Manager was well informed and briefed on strategic and technical aspects of internal audits and risk and control issues.
- the way the Committee, external auditor, council and internal audit function together to manage risk and support the council and how effective this is
- whether the Committee has effectively reviewed the matters identified in section 428A of the *Local Government Act* and contributed to improvement in these areas, and
- whether the composition of the Committee is appropriate.

### 14 Review

The Strategic Workplan is required to be reviewed annually by the Committee and adopted at the beginning of each Council term by the Council.

STRATEGIC FOUR YEAR WORKPLAN – AUDIT RISK AND  
IMPROVEMENT COMMITTEE (ARIC)

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APPROVAL AND REVIEW	
Responsible	Audit Risk and Improvement Committee
Date Adopted by Council	XXXXX
Date of next Council review	June 2028