



# **Attachments Excluded From Agenda**

## **Meeting of Singleton Council**

Tuesday 15 March 2022

***“To provide quality services to the community in an efficient and friendly manner encouraging responsible development”***

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# RISK MANAGEMENT AND INTERNAL AUDIT for local councils in NSW

## Guidelines

August 2021



## **GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT FOR LOCAL COUNCILS IN NSW**

2021

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# Background



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## Background

The *Local Government Act 1993* ('Local Government Act') and the *Local Government (General) Regulation 2005* ('Local Government Regulation') require each council in NSW to have:

- an audit, risk and improvement committee that continuously reviews and provides independent advice to the council on how it is functioning and managing risk
- a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations, and
- an effective internal audit function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.

These three mandatory governance mechanisms are a vital part of the NSW Government's plan to ensure that councils are doing things the best way they can for their communities and are on track to delivering their community's goals and objectives.

Communities themselves will ultimately be the greatest beneficiaries.

If implemented effectively, audit, risk and improvement committees, risk management and internal audit will lead to councils:

- achieving their strategic objectives in the most efficient, effective and economical manner
- having better and more efficient levels of service delivery
- having increased accountability and transparency
- achieving better decision-making and having the confidence to make difficult decisions
- having increased financial stability
- achieving and maintaining compliance with all laws, regulations, internal policies and procedures, and
- better safeguarding their public assets.

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## Purpose

These guidelines have been developed to assist councils, county councils and joint organisations to comply with statutory requirements under the Local Government Act and Local Government Regulation.

They also seek to strengthen risk management and internal audit practices in NSW councils by setting a minimum standard that reflects a 'best practice' approach.

The Guidelines have been issued under the Local Government Regulation (clause #tbc) which confers on the Secretary of the Department of Planning, Industry and Environment, ('Secretary DPIE'), the power to issue guidelines on the appointment and operation of audit, risk and improvement committees and the implementation by councils, county councils and joint organisations of risk management and internal audit activities.

Councils are required under the Local Government Regulation to comply with these Guidelines when establishing and operating their audit, risk and improvement committees, risk management framework and internal audit functions.

They replace the NSW Government's *Internal Audit Guidelines for Local Government in NSW* issued in 2010.

The three core requirements outlined in the Guidelines reflect international standards and the recommendations and opinions of internal audit practitioners, councils, councillors, audit, risk and improvement committee members, risk management practitioners, government agencies, experts and community members.

They are also informed by practices in other Australian jurisdictions and give effect to the recommendations of the:

- Independent Commission Against Corruption in its inquiries into Burwood Council (2011) and Botany Bay Council (2017)































































































































































































































































































































































































































































































































