



**muswellbrook  
shire council**

**Muswellbrook Shire Council**

# **CORPORATE POLICY & PLANNING COMMITTEE MEETING**

**BUSINESS PAPER**

**26 JULY 2017**



**CORPORATE POLICY & PLANNING COMMITTEE MEETING, 26 JULY 2017**

MUSWELLBROOK SHIRE COUNCIL

P.O Box 122  
MUSWELLBROOK  
21 July, 2017

Councillors,

You are hereby requested to attend the Corporate Policy & Planning Committee Meeting to be held in the COUNCILLORS ROOM, Administration Centre, Muswellbrook on **26 July, 2017** commencing at at the conclusion of the Infrastructure Committee.

Steve McDonald  
**GENERAL MANAGER**

# Order of Business

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**MUSWELLBROOK SHIRE COUNCIL  
CORPORATE POLICY & PLANNING COMMITTEE MEETING**

**AGENDA**  
**WEDNESDAY 26 JULY 2017**

**1 APOLOGIES AND LEAVE OF ABSENCE**

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

**2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**RECOMMENDATION**

That the Minutes of the Corporate Policy & Planning Committee held on **28 June 2017**, a copy of which has been distributed to all members, be taken as read and confirmed as a true record.

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

**MINUTES OF THE CORPORATE POLICY & PLANNING COMMITTEE MEETING OF THE MUSWELLBROOK SHIRE COUNCIL HELD IN THE COUNCILLORS ROOM, ADMINISTRATION CENTRE, MUSWELLBROOK ON WEDNESDAY 28 JUNE, 2017 COMMENCING AT 4.41PM**

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**PRESENT:** Cr M. Rush, Cr M. Bowditch, Cr G. McNeill, Cr J.F. Eades, Cr R. Scholes, Cr S. Ward and Cr B.N. Woodruff.

**IN ATTENDANCE:** Mr S.J. McDonald (General Manager), Mr N.W. Pope (Director, Community Infrastructure), Mr P. Redan (Executive Manager, Water and Waste), Mr D. Finnigan (Manager, Muswellbrook Works), Mr M. Lysaught (Manager, Property & Building), Ms L. Payne (Finance Co-Ordinator), Mr R. Franklin (Chief Financial Officer), Mr J. Brown (Executive Services Co-Ordinator) and Mrs M. Sandell-Hay (PA to General Manager).

## **1 APOLOGIES AND LEAVE OF ABSENCE**

RECOMMENDED on the motion of Crs Rush and Eades that:

The apologies for inability to attend the meeting submitted by Cr S. Bailey, Cr M. Green, Cr. J. Foy, Cr J. Ledlin and Cr S. Reynolds be ACCEPTED and the necessary Leave of Absence be GRANTED.

## **2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

RECOMMENDED on the motion of Crs McNeill and Scholes that:

The Minutes of the Corporate Policy & Planning Committee held on 31 May 2017, a copy of which has been distributed to all members, be taken as read and confirmed as a true record

## **3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST**

Nil

## **4 BUSINESS ARISING**

Nil

## **5 BUSINESS**

### **5.1 COMMUNITY RURAL HALL DONATIONS 2017**

RECOMMENDED on the motion of Crs Rush and Eades that:

The information contained in this report be noted.

### **5.2 RELATED PARTY DISCLOSURE POLICY AND PROCEDURES**

RECOMMENDED on the motion of Crs McNeill and Bowditch that:

Council endorse the draft Related Party Disclosure Policy and Procedures for public exhibition for a period of 28 days.

**5.3 INVESTMENT REPORT - MAY 2017**

RECOMMENDED on the motion of Crs Rush and Scholes that:

The information contained in this report be noted.

**5.4 2016/17 CARRYOVER PROJECTS**

RECOMMENDED on the motion of Crs Rush and Scholes that:

This item be considered at the Extra-Ordinary Council Meeting scheduled for 6.00pm 28 June, 2017.

**6 DATE OF NEXT MEETING**

26 July 2017

**7 CLOSURE**

The meeting was declared closed at 4.51pm.

.....  
Mr S. McDonald  
**General Manager**

.....  
Cr B. Woodruff  
**Chairperson**

### **3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST**

Section 451 of the Local Government Act requires that if a councillor or member of a council or committee has a pecuniary interest in any matter before the council or committee, he/she must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of financial gain or loss (see sections 442 and 443 of the Local Government Act).

A non-pecuniary interest can arise as a result of a private or personal interest which does not involve a financial gain or loss to the councillor or staff member (eg friendship, membership of an association, or involvement or interest in an activity). A councillor must disclose the nature of the interest to the meeting as soon as practicable.

Council's Model Code of Conduct now recognises two forms of non-pecuniary conflict of interests:

- Significant
- Less than significant

A Councillor must make an assessment of the circumstances and determine if the conflict is significant.

If a Councillor determines that a non-pecuniary conflict of interests is less than significant and does not require further action, they must provide an explanation of why it is considered that the conflict does not require further action in the circumstances.

If the Councillor has disclosed the existence of a significant non-pecuniary conflict of interests at a meeting they must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

### **4 BUSINESS ARISING**

## 5 BUSINESS

### 5.1 LOCAL GOVERNMENT PERFORMANCE AUDITS

<b>Attachments:</b>	<b>A. Letter from Auditor-General of NSW on Performance Audits</b> <b>B. Performance Audit Guide for Local Government</b>
<b>Responsible Officer:</b>	<b>Fiona Plesman - Director - Planning, Community &amp; Corporate Services</b>
<b>Author:</b>	<b>Ross Franklin - Chief Finance Officer</b> <b>Melissa Cleary - Acting Co-Ordinator - Integrated Planning</b>
<b>Community Plan Issue:</b>	<b><i>Progressive leadership</i></b>
<b>Community Plan Goal:</b>	<b><i>That Muswellbrook Shire is well led and managed</i></b>
<b>Community Plan Strategy:</b>	<b><i>Effective governance of Muswellbrook Shire</i></b>

#### PURPOSE

The purpose of this report is to inform Council of the NSW Auditor-General's expanded mandate to undertake "performance audits" in addition to the audit of Councils' annual financial statements; the NSW Audit Office's proposed schedule and stated objectives for Local Government performance audits, for the next financial year; and provide a progress update on Council's *Strategic Internal Audit Plan*.

#### OFFICER'S RECOMMENDATION

The Committee notes the report

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

#### BACKGROUND

The NSW Auditor-General has provided details of the expanded mandate of the NSW Audit Office under the *Local Government Amendment (Governance and Planning) Act 2016* to undertake "performance audits" in addition to the existing audit of Councils' annual financial statements. The Auditor-General's aim is to "support Council's to identify good practice and to make improvements over time".

Council has a pre-existing risk identification and continuous improvement program, with a list of actions, which is monitored and regularly reported to Council's Internal Audit Committee.

Council embarked on a three year *Strategic Internal Audit Plan* in 2015 and to date, Council's independent internal auditor, Forsyths Chartered Accountants has conducted reviews of:



1. Records Management;
2. Tendering Quotation and Procurement;
3. Purchasing and Payments;
4. Commercial Buildings Fund;
5. Customer Complaints and Requests;
6. Asset Management;
7. Fees and Charges;
8. Store Processing and Procedures;
9. Long Term Financial Plan;
10. Plant and Fleet Management and Utilisation;
11. Human Resources Strategies, Policies and Procedures;
12. Work, Health and Safety;
13. Water Utility Management; and
14. Customer Service

## CONSULTATION

Director Planning, Community and Corporate Services  
Acting Chief Financial Officer  
Executive Services Coordinator

## CONSULTATION WITH COUNCILLOR SPOKESPERSON

Councillor Scot Bailey

## REPORT

The NSW Auditor-general has provided details of its expanded mandate under the *Local Government Amendment (Governance and Planning) Act 2016* to undertake “performance audits” in addition to the audit of Councils’ annual financial statements. A copy of the letter to the General Manager and the Audit Office’s “Performance Audit Guide for Local Government” is attached.

The mandate is for the Audit Office to complete two to three performance audits annually. The stated objective is to “assess whether selected activities or services are carried out efficiently, effectively and economically”.

For 2017/18 the Audit Office plans to complete three desktop, sector-wide audits:

**Audit 1** - Council reporting on service delivery – will cover all councils, assessing how well councils’ most recent annual reports communicate performance in delivering key services to the public. It will do this by examining whether councils effectively report to constituents on:

- achievement of planned outcomes
- service levels (outputs) delivered
- efficiency of service delivery.

**Audit 2** – Fraud Controls in Local Government – will provide a snapshot of fraud in NSW local government and an analysis of council fraud controls against the Audit Office’s Fraud Control Improvement Kit. – as part of the audit, the Audit Office will conduct a survey of councils. The objective of the audit is to determine whether councils manage the risk of fraud effectively.

**Audit 3** – Shared services in Local Government – as part of this audit, the Audit Office will conduct a state of the sector survey of shared services of all NSW councils commencing in October 2017. This audit will assess whether councils:

- engage in efficient and effective shared services arrangements, and
- receive guidance and support to enable them to engage in effective and efficient shared services.

The Audit Office currently performs State Government Performance Audits, details of which can be found on the following link <http://www.audit.nsw.gov.au/>.

In order to confirm Council's ongoing improvements in-line with the Auditor-General's expanded mandate, Council will need to allocate extra resources to ensure that we are identifying areas of risk and acting on recommended improvements in a timely manner.

## **OPTIONS**

Continuing to conduct independent internal audits that are reported to an Internal Audit Committee will prepare Council to achieve its business improvement goals as stated in the Fit for the Future Plan.

## **CONCLUSION**

Council continue a regular program of schedule independent internal audits and service reviews.

## **SOCIAL IMPLICATIONS**

Not applicable

## **FINANCIAL IMPLICATIONS**

The Performance Audit Guide For Local Government (attached) states "that performance audits are funded by NSW Parliament, not the agency being audited".

## **POLICY IMPLICATIONS**

Not applicable

## **STATUTORY IMPLICATIONS**

The recommendation will assist Council to meet its obligations under the *Public Finance and Audit Act 1983* and the *Local Government Amendment (Governance and Planning) Act 2016*.

## **LEGAL IMPLICATIONS**

Not applicable

## **OPERATIONAL PLAN IMPLICATIONS**

No known implications

## **RISK MANAGEMENT IMPLICATIONS**

The independent internal audit program directly links to improved risk management.



Mr Steve McDonald  
General Manager  
Muswellbrook Shire Council  
PO Box 122  
MUSWELLBROOK NSW 2333

Contact      Audit Office  
Phone No    9275 7100  
Our Ref  
Your Ref

27<sup>th</sup> April 2017

Dear Mr McDonald

### Initial local government performance audits

As you are aware, recent amendments to the *Local Government Act 1993* have made the Auditor-General of NSW the Auditor of Local Councils in NSW. In addition to auditing Councils' annual financial statements, the new mandate provides for the conduct of "Performance Audits".

I am aware Performance Audits are a new type of audit for Local Government so the purpose of this letter is to tell you a little bit about them and my approach.

Essentially, Performance Audits assess whether selected activities or services are carried out efficiently, effectively and economically. The State Government has provided my Office with funding to conduct two to three Local Government performance audits annually. I have consulted with organisations like Local Government NSW and the Office of Local Government regarding topic selection.

In this first year, I have chosen to focus on the sector as a whole, rather than on any individual council. In this way I hope to improve my Office's understanding of Local Government and to work alongside you to provide some general benchmarking or improvement opportunities. My aim is to support Councils to identify good practice and to make improvements over time.

The first Performance Audit will focus on Councils' own reporting to their communities on service delivery. My Office is conducting a desk top review of reporting in Council annual reports and will select a sample of Councils to profile in more detail.

The second audit will survey fraud controls in place across Councils. And the final performance for the 2017/18 financial year will examine current shared services arrangements.

We will contact you directly if your Council is selected for more detailed examination in any audit.

I am sure it will be helpful if I publish a forward program of possible performance audits for you to provide any feedback on. Matters identified in my annual financial audits will also inform the selection of future topics, which may be a mix of sector wide or more targeted audits. Again, my officers will contact you during the early stages of any audit involving your Council.

Information regarding Performance Audits and my Office's approach to Local Government can be found at <http://www.audit.nsw.gov.au/>. I also enclose our Performance Audit Guide for Local Government for your information.

You may like to view my current program of State Government Performance Audits to get a better insight into the nature of performance auditing. You can also discuss any aspect of the audit of your Council with the Business Team Leader responsible for your Council. Contact details will be provided to you in our Client Service Report.

I am looking forward to working constructively with you and your officers to carry out my obligations under the Act but to also support you in your work. If you have any questions, please feel free to email me ([mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au)).

Please note I have also written to your mayor on this topic. It would be appreciated if you could table this correspondence at a forthcoming council meeting.

With my best regards

A handwritten signature in blue ink, appearing to read 'Margaret Crawford', with a stylized flourish at the end.

Margaret Crawford  
Auditor-General of NSW

## PERFORMANCE AUDIT GUIDE FOR LOCAL GOVERNMENT

### INTRODUCTION

Performance audits assess whether an agency or council is carrying out its activities effectively, and doing so economically and efficiently and in compliance with relevant laws.

This Guide provides councils (the audited agency) with information about the NSW Audit Office's performance audit process. The Guide outlines the legislative framework and the NSW Auditor-General's authority, and what to expect of the Audit Office during a performance audit.

The Guide also informs councils of their obligations to assist the performance audit team to effectively and efficiently complete their work.

### LEGISLATIVE FRAMEWORK

#### ***Auditor-General's authority to conduct performance audits***

The *Public Finance and Audit Act 1983* (PF&A Act) sets out the Auditor-General's functions, mandate and powers.

The Auditor-General's independence is assured by key provisions in the PF&A Act. Specifically, the Auditor-General:

- reports directly to NSW Parliament on audits of agency financial reports and performance
- can only be dismissed by a resolution of both houses of the NSW Parliament
- decides on the program of work undertaken by the Audit Office
- is appointed for a non-renewable eight year period. In addition, performance audits are funded by NSW Parliament, not the agency being audited.

Under the *Local Government Amendment (Governance and Planning) Act 2016* (the Act), the Auditor-General is the auditor of all NSW councils and 'council entities' from 1 July 2016 and has the mandate to conduct performance audits.

The Act gives the Auditor-General authority to choose the topics and agencies for review, and to access required agency information.

The Auditor-General is required to report to the head of the audited agency, the responsible Minister and Treasurer on the result of a performance audit. In many cases, this will include the Office of Local Government and its Minister due to their respective roles.



## SUMMARY OF KEY POINTS

In conducting a performance audit, the Audit Office is responsible for:

- obtaining sufficient knowledge of the program or activity being audited
- maintaining a constructive relationship with the audited agency and undertaking adequate consultation (see Table 1)
- securing and keeping confidential all agency information obtained in the course of the audit.

The head of the audited agency is responsible for:

- nominating up to two suitable liaison officers to work with the audit team
- providing full and free access to people and information within requested timeframes. This includes providing all information that is relevant to the audit, even if not specifically requested
- a duty of care to the audit team under WHS and anti-discrimination laws, and harassment free workplace policies.

### **Performance audits and topic selection**

Performance audits assess whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws. Activities examined by a performance audit may include an individual program or service provided by an individual or group of council's, all or part of an individual council, or it may consider particular issues affecting the sector as a whole and may include state agencies as well as council's. Performance audits cannot question the merits of government or council's policy objectives. The Act gives the Auditor-General authority to select performance audit topics and activities to review. We use a strategic approach to selecting performance audits, which balances our performance audit program to reflect issues of interest to Parliament and the community. We include topics that align with the government's policy objectives and reform agenda to assess progress and impacts.

Each year, the Auditor-General seeks input from the heads of government agencies and certain statutory officers, on proposed topics before publishing the performance audit program. The Auditor-General will also take into account performance audit topic suggestions from the Public Accounts Committee, Members of Parliament, local councils and members of the public.

### **Authority to access Council information**

The Act provides the Audit Office with full access to information irrespective of any agency obligations for confidentiality. This overrides any other legislation that might restrict disclosure, such as secrecy or privacy laws.

The Auditor-General is entitled at all reasonable times to full and free access to information requested of the audited agency.

The only exception to this access is information that is Cabinet information as defined in the *Government Information (Public Access) Act 2009* (GIPA Act). However, as a matter of convention the Secretary, Department of Premier and Cabinet, provides relevant Cabinet documents to the Auditor-General when requested.

Agencies must provide the Audit Office with information requested.

### **Confidentiality requirements**

Under the PF&A Act, any information obtained in the course of undertaking a performance audit must not be disclosed by Audit Office staff to any person other than staff of the auditee, with the exception of information relating to improper conduct as detailed in the Act.

All information that the Audit Office receives, and working papers that the Audit Office creates during an audit, are exempt from the GIPA Act.

**FOLLOW-UP PROCESS AFTER THE PERFORMANCE AUDIT IS COMPLETED**

Approximately 12 months after each performance audit report is tabled in Parliament, the Public Accounts Committee (the Committee) may follow up action taken by audited agencies in response to recommendations made by the Auditor-General. As part of the follow up process, the Committee questions agencies about their response to the recommendations and, if required, conducts public hearings to examine witnesses. The Auditor-General also provides comments on submissions made by agencies to the Committee.

After the performance audit report is tabled, we write to the head of each audited agency to confirm this process and provide a template to assist the audited agency to report to the Committee when requested.

**ROLES AND RESPONSIBILITIES****The Audit Office's obligations**

We aim to complete our work efficiently to minimise the impost on each council. The time to complete this work varies depending on the complexity of the audit topic and the number of councils and state agencies that may be involved. This may range from six to 12 months.

**Knowledge of the program or activity being audited**

The audit team will obtain sufficient knowledge to enable it to identify and understand issues relevant to the program or activity being audited.

Performance audits may be undertaken on topics that require specialised skills and knowledge beyond those possessed by the audit team. In these cases, we engage consultants to provide expert assistance to the audit team and will discuss this with the audited council. The audit team must ensure that any consultant engaged for the audit has the necessary competence, capabilities and impartiality to complete the work required.

**No surprises approach**

The audit team seeks to establish a constructive relationship with each council so that there are 'no surprises' in the final audit report. The audit team will explain the audit process at commencement and will maintain appropriate communication throughout the audit. Council's General Manager, and executive staff, are encouraged to provide input at appropriate stages of the audit, such as when the audit is being scoped, and when preliminary findings, the draft report and potential recommendations are discussed.

Our audit process outlined in Table 1 provides several formal consultation points for the council to discuss the audit planning, preliminary findings and draft report during the course of the audit. In practice, there is ongoing and frequent communication between the audit team and the liaison officers.

Additionally, the head of the audited council and council executive staff can contact the Auditor General, Deputy Auditor General or Assistant Auditor-General Performance Audit at any time to discuss the audit. Our contact details are provided to the General Manager and council liaison officers at the commencement of the audit.

**Audit methodology**

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3000 and 3500 on performance auditing. The Standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with the performance audit requirements specified in the Act.

**Security of agency information**

The Audit Office treats all audit-related information as 'in-confidence'. Our computer network has appropriate security measures in place to mitigate unlawful access. Secure arrangements are also in place to store physical documentation.

Sensitive information that, in the Auditor-General's opinion, is not in the public interest will not be included in public reports. This may include commercial in confidence information. Any issues that the council may have about the Auditor-General's powers and the content of the audit report should be discussed with the audit team at the earliest opportunity.

The audit team will discuss with council's liaison officers suitable options and timing to provide information and documentation for the audit. This may include use of a web based secure file transfer facility to enable audited agencies to securely and efficiently provide requested information.

#### **The audited agency's obligations**

We aim to use council staff time efficiently and effectively and request the council's cooperation to facilitate our work. In the planning stage of each audit we will consult with council's liaison officers and agree on timely access to people and information (see Table 1).

#### **Nominate up to two liaison officers**

Council's General Manager is asked to nominate up to two liaison officers to work with the audit team. The liaison officers' role is important to both the Audit Office and council.

The liaison officer should be a senior member of the council who will keep the General Manager informed of the progress of the audit, and who has authority to make decisions on behalf of the council, for example, when reviewing the draft audit report and discussing potential audit recommendations.

The liaison officer will be asked to assist with the day to day administration of the audit, such as assistance in arranging meetings, access to people and information. Council's General Manager, or the nominated liaison officer, may wish to appoint a second liaison officer to assist the audit team with these matters.

Regular and open communications between the audit team and management of the council help deliver an efficient audit. The audit team will contact the nominated liaison officers regularly during the audit and will direct most questions and documentation requests through them. Refer to Table 1 for more details.

It is essential the audit team receives prompt responses to its questions and requests for supporting documentation.

#### **Prepare early for the audit**

The letter sent to the General Manager when a performance audit commences includes an indication of the issues that the performance audit will examine. This is discussed and refined during the planning phase of the audit outlined in Table 1.

The General Manager can prepare early for the performance audit by:

- reviewing relevant plans, records and source data, and making sure these are up-to-date and available for the audit team
- gathering documentation on how council monitors and measures the effectiveness, economy and efficiency of the audited activity and have the most recent results ready.

#### **Provide full and free access to people and information**

The General Manager and council's nominated liaison officers are responsible for arranging unrestricted access for the audit team to relevant individuals and documents and for the completeness and accuracy of the information supplied for the audit.

This is particularly important for performance audits. Each performance audit is unique and, as a result, it is difficult for audit teams to know exactly the documentation relevant to the audit. It is therefore the council's responsibility to ensure it provides:

- all information it is aware of that is relevant to the audit, whether or not it is specifically requested
- all information the audit team requests that is relevant to the audit



- unrestricted access to all people in the council from whom it is necessary to obtain audit evidence.

**The General Manager is also requested to advise the audit team:**

- if they or their council has any knowledge of any actual, suspected or alleged intentional misstatement (such as fraud) or non-compliance with laws and regulations in relation to the audit topic
- whether there has been any internal or external reviews or audits conducted in relation to the audit topic.

**Comply with work health and safety (WHS) and anti-discrimination laws, and harassment-free workplace policies**

The Audit Office is committed to maintaining a high standard of work health and safety, and our staff are expected to treat each other and council staff with courtesy and respect.

Councils have a duty of care to Audit Office staff under the *Work Health and Safety Act 2011*, Regulation, Codes of Practice and recognised industry standards, as appropriate.

If the audit team fails to adhere to anti-discrimination laws or the harassment free workplace policy, the council liaison officers should advise the Assistant Auditor-General Performance Audit immediately.

The Audit Office has policies and strategies to prevent and deal with discrimination and harassment.

If the audit team is treated contrary to anti-discrimination laws and the harassment free workplace policy by any council staff, the audit team will advise the Assistant Auditor-General Performance Audit immediately. The incident will be raised with the council liaison officers and, if necessary, with the General Manager and the Auditor-General.

**Transmission of agency information**

Councils may provide working papers in hard copy or electronic format. Our preferred format is electronic documents in Word, Excel, or PDF formats provided by e-mail or through the Audit Office's secure file upload service. Details of e-mail addresses to use, or the file upload service, are provided by the audit team when information is requested.

The audit team may need 'read only' access the council's electronic systems. If this is required, the liaison officer will be asked to arrange the necessary access including log in IDs or access terminals on-site.

## PERFORMANCE AUDIT PROCESS

Once initiated, performance audits have three main stages: planning, conduct and reporting. A description of each of these stages, and the extent of our consultation with the audited council, is outlined in Table 1.

**Table 1—Performance audit stages and consultation with audited agencies**

Planning	<i>Audit commences</i>	An audit team is assigned and the audit is initiated. Commencement letters are issued to the General Manager, Chief Executive, responsible Minister/s, and the Treasurer. The head of each audited council and state agency nominates their liaison officers who will work with the audit team.	<i>Commencement letters</i>
	<i>Scoping work</i>	The audit team meets with council's liaison officers, and other key stakeholders, to gain an understanding of the council and activities relevant to the audit topic. The audit team develops the audit's scope and focus, including the audit objective and potential criteria. The potential audit scope is discussed with council's liaison officers.	<i>Draft audit scope and focus</i>
	<i>Audit plan</i>	The audit team finalises the audit scope and develops the audit plan in consultation with council's liaison officers. In addition to the scope and focus, the audit plan may include: <ul style="list-style-type: none"> <li>the audit procedures, including how and what information is to be collected to answer the audit criteria</li> <li>audit fieldwork and approach, including the people and locations the audit team will visit during the audit</li> <li>audit schedule, including consultation milestones and proposed tabling date. A draft audit plan is provided to the council's liaison officers for feedback before being finalised. Once finalised, the audit plan and audit engagement letter are issued to the General Manager.</li> </ul>	<i>Audit plan and engagement letter</i>
Conduct	<i>Evidence gathering and analysis</i>	Evidence is collected and analysed against the audit criteria. The audit team must ensure they have sufficient and appropriate evidence to answer the audit objective and criteria.	<i>Interviews with relevant council staff</i>
	<i>Preliminary findings</i>	Preliminary findings against the audit criteria are discussed with council's liaison officers. Additional relevant evidence may be requested if needed.	<i>Requests for access to documents and information</i>  <i>Preliminary findings discussed</i>

Reporting	Draft report	A draft report is prepared and a meeting held with council's liaison officers to discuss their feedback. The purpose of the draft report is to give the council the opportunity to identify errors of fact or interpretation, and to provide additional relevant evidence that addresses the audit criteria. Responses received from the council are carefully considered and amendments made as necessary. During this process the audit team will also discuss with council's liaison officers potential recommendations to be included in the audit report. The General Manager may wish to meet with the Auditor-General to discuss the draft audit report and recommendations before it is finalised.	Draft report
			Potential recommendations
	Final report	The audit's final report is issued by the Auditor-General to the General Manager, Chief Executive, the responsible Minister/s, and the Treasurer, in accordance with the Local Government Act 1993. The audit report includes recommendations to improve accountability and performance. The General Manager is invited to provide a written response to the audit report and its recommendations that will be published with the audit report.	Final statutory report
		The audit report is tabled in NSW Parliament and published on the Audit web site	Tabled report

## 6 ADJOURNMENT INTO CLOSED COMMITTEE

In accordance with the Local Government Act 1993, and the Local Government (General) Regulation 2005, business of a kind referred to in Section 10A(2) of the Act should be dealt with in a Confidential Session of the Committee meeting closed to the press and public.

### **RECOMMENDATION**

**That the Committee adjourn into Closed Session and members of the press and public be excluded from the meeting of the Closed Session, and access to the correspondence and reports relating to the items considered during the course of the Closed Session be withheld unless declassified by separate resolution. This action is taken in accordance with Section 10A(2) of the Local Government Act, 1993 as the items listed come within the following provisions:**

#### **7.1 DENMAN GOLF COURSE LEASE**

Item 7.1 is classified CONFIDENTIAL under the provisions of Section 10A(2)(c) of the local government act 1993, as it deals with information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business, and the Committee considers that discussion of the matter in an open meeting would be, on balance, contrary to the public interest.

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

## 7 CLOSED COMMITTEE

**8 RESUMPTION OF OPEN COMMITTEE**

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

**9 DATE OF NEXT MEETING**

30 August 2017

**10 CLOSURE**