

**Report to General Manager**Attachments:  
Nil**SUBJECT:** Audit, Risk and Improvement Committee – Independent Membership**AUTHOR:** Jon Paul Agnew, Manager Risk**ENDORSED BY:** Margaret Palmer, Director Corporate Services**EXECUTIVE SUMMARY:**

In 2019 the NSW Office of Local Government (OLG) issued its discussion paper “New Risk Management and Internal Audit Framework for Local Councils in NSW”, foreshadowing changes that are to come into effect from March 2021 as a result of amendments to the Local Government Act in 2016. The discussion paper proposes that Audit Risk and Improvement Committee (ARIC) membership consist of between three and five independent members, appointed via a NSW Government prequalification scheme.

Council’s Audit, Risk and Improvement Committee (ARIC) currently has four voting members:

- Two independent external members (Mr Ron Switzer and Mr Brian Hrnjak), appointed through an expression of interest process, one of whom serves as Chair;
- Deputy Mayor, Councillor Stephen Barbour; and
- Councillor Ian Mutton.

The purpose of this report is to seek Council’s approval to extend the appointment of Mr Ron Switzer, the current Chair of the Council’s ARIC, as an independent external member of the Committee through 2020 to facilitate Council’s transition to the new OLG framework.

Mr Hrnjak is expected to take over as Chair of the ARIC from the first meeting in 2020, which is on 27 March.

**FINANCIAL IMPLICATIONS:**

The fees to attend ARIC meetings, inclusive of preparation time, is \$1,000 per meeting for the Chair and \$750 per meeting for the other independent member.

**RECOMMENDATION:**

- 1. THAT** Council note the information regarding the Office of Local Government discussion paper “New Risk Management and Internal Audit Framework for Local Councils in NSW”.
- 2. THAT** the appointment of Mr Ron Switzer as an independent member of Council’s Audit, Risk and Improvement Committee be extended to 31 December 2020.

## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

Direction: 5. Our Civic Leadership

Outcome: 5.2 Council is well governed and customer focused

## **BACKGROUND**

The NSW Office of Local Government (OLG) has issued a discussion paper “New Risk Management and Internal Audit Framework for Local Councils in NSW”, which will have implications for the membership structure of Council’s Audit Risk and Improvement Committee (ARIC). Changes arising from the OLG consultation process are scheduled to take effect from March 2021.

Mr Ron Switzer, the current ARIC Chair, has served as an independent external member since inception of ARIC in 2009/10. Mr Switzer was due to retire from ARIC at the end of 2019 but has indicated his willingness to continue as a member through 2020 to facilitate Council’s transition to the proposed new OLG framework.

## **CONSULTATION REQUIREMENTS**

Community engagement is not required.

## **SUSTAINABILITY STATEMENT**

The sustainability implications are of a minor nature and did not warrant a detailed assessment.

## **DETAIL**

In 2019 the NSW Office of Local Government (OLG) issued its discussion paper “New Risk Management and Internal Audit Framework for Local Councils in NSW”, foreshadowing changes that are to come into effect from March 2021 as a result of amendments to the Local Government Act in 2016. The discussion paper proposes that Audit Risk and Improvement Committee (ARIC) membership consist of between three and five independent members, appointed via a NSW Government prequalification scheme.

Council, through a joint NSROC submission in December 2019, has supported the prequalification scheme in principle, but has suggested it be optional rather than a mandated requirement. Moreover, the NSROC submission proposed that councils retain the discretion to have councillor representation on ARIC.

Council’s ARIC currently has four voting members:

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- Two independent external members (Mr Ron Switzer and Mr Brian Hrnjak), appointed through an expression of interest process, one of whom serves as Chair;
- Deputy Mayor, Councillor Stephen Barbour; and
- Councillor Ian Mutton.

Extending Mr Switzer's appointment for a further 12 months will ensure continuity, take ARIC into the new Council term, and ensure the outcome of the OLG consultation process can be smoothly assimilated in revisions to Council's ARIC charter and membership structure.

Mr Hrnjak is expected to take over as Chair of the ARIC from the first meeting in 2020, which is on 27 March.

A further report will be submitted to Council regarding a replacement for Mr Switzer to serve as an independent member on the Audit, Risk and Improvement Committee from 2021, either when the outcome of the OLG review process is known or post the September 2020 Council elections.

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