

# Strategic Workplan of Audit, Risk and Improvement Committee

July 2024

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City of  
Newcastle

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## **1 Introduction**

- 1.0 City of Newcastle (CN) 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 Objective**

- 2.1 The Strategic Workplans sets out the program for the Committee for the following four-year period based on the following:
- 2.2 Responsibilities of the Audit, Risk and Improvement Committee
- 2.3 Governance Framework
- 2.4 Enterprise Risk Framework
- 2.5 Internal Audit Charter
- 2.6 The Strategic Workplan consists of:
- a) The Committee calendar of business; and
  - b) 4 year forward internal audit plan

Note: Workplans are subject to change and can be amended as required to respond to emerging areas of concern to the Committee.

## **3 Key organisational issues and risks**

- 3.1 CN has identified the following strategic risks:
- a) The inability of CN to deliver services due to ITC failure
  - b) Inadequate financial planning and management that significantly impacts the delivery of organisational and community services and long-term financial sustainability or limits the ability of CN to deliver Newcastle 2040
  - c) Failure to adequately protect the health, safety and wellbeing of employees, contractors, volunteers and/or members of the public
  - d) Failure to plan and respond to a disaster to ensure the impact on CN's operations, our organisation and our community is minimised.
  - e) Failure to foster CN's culture and engagement as a key enabler for the delivery of community services both now and into the future
  - f) Failure of CN in its planning and protection of the environment.
  - g) Failure to effectively manage waste management services. This Includes the commercial environment, breaches of legislation/regulations and failure to operate efficiently and safely affecting domestic services and commercial market opportunities.
- 3.2 CN has developed Strategic Workplan and Forward Internal Audit Plan to best enable the Committee to review the key and strategic risks faced by the council.

## **4 Strategic Workplan**

- 4.1 Committee calendar of business

Responsibility	Activity	Frequency	Meetings				
			Sep**	Oct	Dec	Mar	Jun
<b>Enterprise Risk Management</b>	Enterprise Risk	Quarterly	✓		✓	✓	✓
	Risk and Governance Report(s)	Quarterly	✓		✓	✓	✓
	Enterprise Risk actions progress	Bi-Annual			✓		✓
	Risk Appetite/Risk Tolerances	Annual	✓				
	Annual insurance premiums and claims reporting	Annual	✓				
	Business Continuity Management and Emergency Management	Annual					✓
	Review of minutes of Governance and Risk Executive Committee meeting	Quarterly	✓		✓	✓	✓
<b>Financial Management</b>	Quarterly Performance Review	Quarterly			✓	✓	✓
	Operational Budget	Annual					✓
	Cash Management and Credit Card Use Policies and Procedures	Annual				✓	
	Updates to Financial Policies and Procedures	As required	✓	✓	✓	✓	✓
	Management Review of Draft Financial Statements for last financial year	Annual		✓			
<b>External Audit</b>	Client Engagement Plan	Annual				✓	
	Engagement Closing Report	Annual		✓			
	Final Management Letter	Annual			✓		
<b>Corporate Governance</b>	Legislative Compliance	Annual	✓				
	GIPA	Annual				✓	
	Privacy Management	Annual				✓	
	Fraud and Corruption Control Plan	Annual					✓
	Ethical Conduct Framework - Code of Conduct - Annual Disclosures of Interest - Conflicts of Interest - Delegations - Gifts & Benefits - Policy Framework	Annual			✓		
	Information Technology – Cybersecurity and Data Management	Annual	✓		✓	✓	✓
<b>Improvement</b>	IP&R Annual Report	Annual			✓		
	IP&R Six Monthly Report	Annual					✓
	Service Reviews	Annual					✓
<b>Internal Audit</b>	Internal Audit Report	Quarterly	✓		✓	✓	✓
	Audit Action Progress Report	Quarterly	✓		✓	✓	✓
	Quality Assurance Improvement Program	Annual	✓				
	Annual Internal Audit Report	Annual	✓				
	Review Internal Audit Charter	Annual				✓	
	Review Forward Internal Audit Plan	Quarterly	✓		✓	✓	✓
	Review Internal Audit Manual	Annual				✓	
<b>Audit, Risk and Improvement Committee Administration</b>	Review Audit, Risk and Improvement Committee Charter	Annual				✓	
	Annual Self-assessment	Annual	✓				
	Annual Attestation*	Annual	✓				
	Annual Report to Council	Annual			✓		
	Review Strategic and Annual Workplan	Annual					✓

\*This activity will be reviewed starting September 2025 for the previous financial year ended in June 2025. Thereafter, it will be reviewed every financial year.

\*\* In an election year, the September meeting will move to October.

- 4.2 In addition, the Committee will review the following activities at the end of each council term:
  - a) 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.
  - b) Effectiveness of the ARIC in conformance with the Global Internal Audit Standards.
- 4.3 The Committee may, in consultation with the elected Council, vary the strategic work plan at any time to address new or emerging risks.
- 4.4 The elected Council may also, by resolution, request the Committee to approve a variation to the strategic workplan. However, any decision to vary the strategic work plan will rest with the Committee.
- 4.5 When considering whether to vary the strategic work plan, the Committee must consider the impact of the variation on the internal audit function's existing workload and the completion of pre-existing priorities and activities identified under the strategic workplan.

## 5 Forward Internal Audit Plan 24/25 to 27/28

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

- c) Strategic Risks of CN
- d) CN's Assurance map that captures the risk rating of the audit area, timeline of last audit, risk rating of previous findings, directorate priority, impact on strategic objectives and susceptibility to fraud and corruption.
- e) Audit Office NSW focus areas
- f) Consultation with Executive Directors
- g) Consultation with CEO

5.2 Below is the forward internal Audit plan for financial year 24/25 to financial year 27/28:

# FIAP 24/25-27/28

## Directorate and CSP Theme Mapping

		Community Strategy Plan (CSP) Theme	Liveable	Sustainable	Creative	Achieving Together
		Directorate	City Infrastructure	Planning & Environment and Waste Services	Creative & Community Services	Corporate Services
2024/25	2025/26	2026/27	2027/28			
Fraud risk focus - Payroll and electronic timesheets system controls	Legislative Compliance – Delegations and Records Management	Quality Assessment of Internal Audit – Assessment of level of compliance with Global Internal Audit Standards	ICT Data Management			
Enterprise Risk Management – compliance with Australian Risk Management Standards and best practices	Cyber Security	Leave Management – Focus on accruals and wellbeing policies delivered through leaves	Customer Complaints Handling & Quality Assessment			
IP&R framework - adequate controls are in place and operating effectively regarding the development, review and ongoing reporting activities	Depot Management - Environmental Management System – assess controls and effectiveness of managing environmental risk at the depot, and civil construction & maintenance sites	Road Asset Management (assess the effectiveness of planning, prioritising, delivering and cost recovery for related works) and Road Maintenance Council Contract Performance (assess performance of the maintenance, condition assessment, and renewal of CN's local and regional road networks)	Credit Card Management – Compliance with Office of Local Government guidelines on the Use and Management of Credit Cards			
Operational review of community facilities	Competency Management of trade & professionals – assess how CN identify and confirm currency of competencies, qualifications, licences of trades & professionals	Art Gallery – Collection management and operation management	Grants – Incoming – management of restricted reserves, planning and application of funds			
Civil Construction Management – assess controls for safe planning, tendering and delivery of works, including contract and sub-contract	Civic Theatre, Playhouse, City Hall and Fort Scratchley operational review	Childcare centres – Subsidies, regulatory compliance and operational review	Project Management – assess the effectiveness of governance systems (from concept, through commissioning, to completion)			
Coastal Risks - assess whether natural and built assets on CN's coastline are adequately protected against current and future erosion	Weighbridge Operations and Waste Levy – Operational review, levy calculation and EPA compliance	Planning Proposals, Developer Contributions and Voluntary Planning Agreements	Stormwater Management Review – assess performance of the maintenance, condition assessment, and renewal of CN's stormwater systems			
Development Assessments - Regulatory requirements and delegation compliance	Environmental Management - Assess the management of damage/impact of climate change to CN assets and services	Summerhill Infrastructure planning, construction and maintenance – Focus area water Management	Compliance Management - Environmental Health Inspections			
RMS DRIVES24 Compliance Review	RMS DRIVES24 Compliance Review	RMS DRIVES24 Compliance Review	RMS DRIVES24 Compliance Review			
	Councillor Expenses and Facilities Policy	Commercial and Leased Property – compliance with policy, management of leases	Councillor Expenses and Facilities Policy			

5.3 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.

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## 6 Key Performance Indicators

- 6.1 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.
- 6.2 To conduct the review, the elected Council can:
- a) engage a suitably qualified external assessor or peer to undertake the review, or
  - b) undertake the review itself and engage an external assessor or peer to conduct an independent evaluation of the findings.
- 6.3 Below are the review criteria to assess performance of the Committee:
- a) the appropriateness of the committee's terms of reference and whether these have been complied with
  - b) the processes and procedures undertaken by the committee
  - c) the collective performance of the committee
    - a. the quality and timeliness of assurance and advice provided by the committee to the governing body and general manager
    - b. the effectiveness of the committee in meeting its responsibilities
    - c. the relationship and quality of communication with the council and other stakeholders
  - d) the individual performance of each member
    - a. understanding of the council, its key risks and internal controls
    - b. ability to act objectively and independently
    - c. preparation for committee meetings
    - d. contribution to the work of the committee through their participation in discussion and decision-making, skills and experience
    - e. ensured the governing body and general manager was well informed and briefed on the strategic and technical aspects of internal audits and risk and control issues, and
    - f. lead effective committee meetings.
  - e) the way the committee, external auditor, council and internal audit function work together to manage risk and support the council and how effective this is
  - f) whether the committee has effectively reviewed the matters identified in section 428A of the Local Government Act and contributed to an improvement in these areas, and
  - g) whether the composition of the committee is appropriate.

**DOCUMENT CONTROL**

Policy title	Strategic Workplan of Audit, Risk and Improvement Committee
Policy owner	Chief Executive Officer
Policy expert/writer	Internal Audit Coordinator
Associated Guideline or Procedure Title	NIL
Guideline or Procedure owner	NIL
Prepared by	Legal & Governance
Approved by	Council
Date approved	10/12/2024
Commencement Date	1/07/2024
Next review date	30/06/2028
Termination date	One year past the review date
Version #	1
Category	Governance
Details of previous versions	Not Applicable
Keywords	Audit, Assurance, Risk Management, Corporate Governance, Committee, Internal Audit, Strategic Workplan, Forward Internal Audit Plan
Relevant Newcastle 2040 Theme/s	Achieving Together
Relevant legislation/codes (reference specific sections)	<p>This Policy supports CN's compliance with the following legislation:</p> <p><i>Local Government Act 1993 (NSW)</i>  <i>Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulations 2023</i>  Office of Local Government Risk Management and Internal Audit Guidelines for local government in NSW (<i>November 2023</i>)</p>
Other related documents	Enterprise Risk Management Framework and related documents Code of Conduct Audit, Risk and Improvement Committee Charter Internal Audit Charter
Related forms	Not Applicable
Required on website	No
Authorisations	Functions authorised under this Policy at Annexure B



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Title of authorisation	Description of authorisation	Position Number and Title
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>