DCP 113 FLOOD PRONE LAND DEVELOPMENT 2005

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1.0 INTRODUCTION

The NSW Government Floodplain Development Manual (2005) is the NSW State Government's Manual relating to the management of flood prone land. The Floodplain Development Manual (FDM) has been prepared in accordance with the NSW Government's Flood Prone Land Policy. The FDM guides Council's in the development and implementation of detailed local floodplain risk management plans to produce robust and effective floodplain risk management outcomes.

In accordance with the FDM, the Flood Risk Management Process entails four sequential stages:

Stage 1:	Flood Study
Stage 2:	Floodplain Risk Management Study
Stage 3:	Floodplain Risk Management Plan
Stage 4:	Implementation of the Plan

Wyong Shire Council is progressively producing floodplain risk management plans for each of the individual catchments within the Shire. Flood risk management plans consider the existing flood environment and recommend specific measures to manage the impact of flooding. In assessing the flood environment, elements such as known flood behaviour, evacuation issues, site access and the potential impact of sea level rise are taken into consideration. This information is used to create floodplain risk mapping for each catchment.

This document provides the means for implementing the floodplain risk management plans and associated mapping for the control of development on the floodplain within Wyong Shire.

1.1 Aims and Objectives

The aim of this plan is to:

- Inform the community of Council's Policy with regard to the use of flood prone land.

- Establish guidelines for the development of flood prone land that are consistent with the NSW Flood Policy and NSW Floodplain Development Manual (2005).

- To control development and activity within each of the individual floodplains within Wyong Shire having regard to the characteristics and level of information available for each of the floodplains, in particular the availability of Floodplain Risk Management Studies and Floodplain Risk Management Plans prepared in accordance with the Floodplain Development Manual.

- Minimise the risk to human life and damage to property by controlling development on flood prone land.

- Apply a merit based approach to all development decisions taking into account ecological, social and environmental considerations.

- To ensure that the development or use of floodplains and floodways does not adversely impact upon the aesthetic, recreational and ecological values of the waterway corridors.

- Improve riparian corridors during redevelopment and to ensure that the ecological values of the lake systems are enhanced.

- To ensure that all land uses and essential services are appropriately sited and designed in recognition of all potential floods.

- To ensure that all development on the floodplain complies with Ecological Sustainable Development (ESD) principles and guidelines.

- Prevent the introduction of unsuitable land uses on flood liable land.

- To promote building design that considers the uniqueness of the requirements for the development of flood prone land and to ensure that the development of flood prone land does not have significant impacts upon the amenity of an area.

1.2 Application

This plan has been prepared in accordance with Clause 74C of the Environmental Planning and Assessment Act, 1979 having regard to the provisions of the NSW Flood Policy and NSW Floodplain Development Manual (2005).

It is a document for the general guidance of Council in the exercise of its duties and functions under the Act. This plan applies to all land in the Shire of Wyong.

In circumstances where there may be any inconsistency between the requirements contained in this plan and any other Council Development Control Plan, with regard to the management of flood prone land, development the provisions of this plan shall apply.
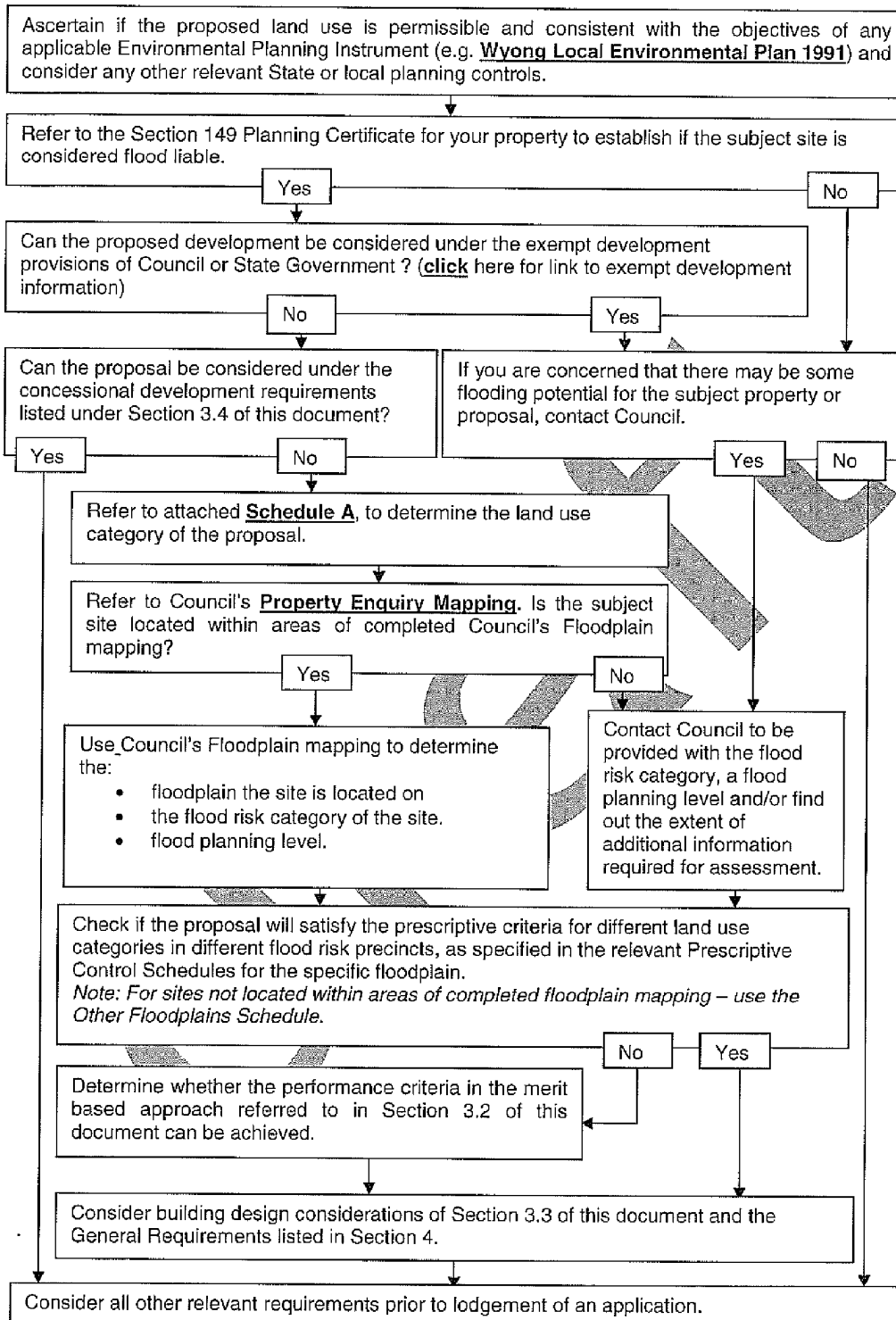
1.3 Using this Plan

The NSW Government's Flood Prone Land Policy promotes the use of a merit based approach which balances social, economic, environmental and flood risk parameters to determine whether particular development or use of the floodplain is appropriate and sustainable.

To ensure that any proposal for the development of flood prone land is considered on merit, Chapter 113 provides two paths for the assessment of development proposals. This is achieved by providing both Prescriptive Controls and Performance Criteria that can be used in the assessment process.

The use of the Prescriptive Controls is explained in Section 3.1 of this document and   the attached Schedules for the relevant floodplains. If a proposal is considered to be an unsuitable land use under the relevant Prescriptive Controls Schedule, the Performance Criteria found is Section 3.2 can be used to determine the merit of the proposal.

The flow chart that follows and examples of how to use this document found in Attachment D are provided to assist in the use of this document.

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Ascertain if the proposed land use is permissible and consistent with the objectives of any applicable Environmental Planning Instrument (e.g. **Wyong Local Environmental Plan 1991**) and consider any other relevant State or local planning controls.

Refer to the Section 149 Planning Certificate for your property to establish if the subject site is considered flood liable.

Yes | No

Can the proposed development be considered under the exempt development provisions of Council or State Government ? (**click** here for link to exempt development information)

No | Yes

Can the proposal be considered under the concessional development requirements listed under Section 3.4 of this document?

If you are concerned that there may be some flooding potential for the subject property or proposal, contact Council.

Yes | No

Yes | No

Refer to attached **Schedule A**, to determine the land use category of the proposal.

Refer to Council's **Property Enquiry Mapping**. Is the subject site located within areas of completed Council's Floodplain mapping?

Yes | No

Use Council's Floodplain mapping to determine the:
- floodplain the site is located on
- the flood risk category of the site.
- flood planning level.

Contact Council to be provided with the flood risk category, a flood planning level and/or find out the extent of additional information required for assessment.

Check if the proposal will satisfy the prescriptive criteria for different land use categories in different flood risk precincts, as specified in the relevant Prescriptive Control Schedules for the specific floodplain.
Note: For sites not located within areas of completed floodplain mapping – use the Other Floodplains Schedule.

No | Yes

Determine whether the performance criteria in the merit based approach referred to in Section 3.2 of this document can be achieved.

Consider building design considerations of Section 3.3 of this document and the General Requirements listed in Section 4.

Consider all other relevant requirements prior to lodgement of an application.

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1.4   Definitions

The following definitions are relevant to this plan (refer to the land use tables in the Wyong Local Environmental Plan 1991 or the Standard Instrument (Local Environmental Plans) Order 2006 for definitions with regard to land use):

Annual Exceedance Probability (AEP) means the chance of a flood of a given or larger size occurring in any one year, usually expressed as a percentage.

Australian Height Datum (AHD) is a common national plan of level corresponding approximately to mean sea level.

Average Recurrence Interval (ARI) means the long-term average number of years between the occurrence of a flood as big as, or larger than, the selected event. For example, floods with a discharge as great as, or greater than, the 20 year ARI flood event may occur on average once every 20 years.

Basement Car Parking means the car parking area generally below ground level or above natural ground level but enclosed by bunding, where inundation of the surrounding areas may raise water levels above the entry level to the basement, resulting in inundation. Basement car parks are areas where the means of drainage of accumulated water in the car park has an outflow discharge capacity significantly less than the potential inflow capacity.

Caravan Parks

> ***Long term site*** means a means a dwelling site that is specified in the approval for a caravan park as being a long-term site.

> ***Short-term site*** means a dwelling site on which a moveable dwelling that is ordinarily used for holiday purposes may be installed and that is specified in the approval for a caravan park as being a short-term site.

Design flood level means the flood, either observed or synthetic, which is chosen as the basis for planning, design or construction. It represents a specific likelihood of occurrence, for example, the design flood for residential development in NSW is the 1% AEP design flood event.

Design floor level means the floor level specified in this plan that applies to the relevant land use type within the relevant flood risk precinct.

Earthworks is defined in the Standard Instrument (Local Environmental Plans) Order 2006 as excavation or filling.

Ecologically sustainable development (ESD) is using, conserving and enhancing natural resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be maintained or increased. A more detailed definition is included in the Local Government Act 1993.

Effective warning time is the time available after receiving advice of an impending flood and before the floodwaters prevent appropriate flood response actions being undertaken. The effective warning time is typically used to raise furniture, evacuate people and transport their possessions.

Evacuation is the transfer of people and or stock from areas where flooding is likely, either close to, or during a flood event. It is affected not only by warning time available, but also the suitability of the road network, available infrastructure, and the number of people that have to evacuate during floods.

Extreme Flood means an estimate of the probable maximum flood (PMF), which is the largest flood that could conceivably occur at a particular location, generally estimated from the probable maximum precipitation (PMP). Generally it is not physically or economically possible to provide complete protection against this event.

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Flood is a relatively high stream flow that overtops the natural or artificial banks in any part of a stream, channel, river, estuary, lake or dam, and/or local overland flooding associated with major drainage as defined by the NSW Floodplain Development Manual (FDM) before entering a watercourse, and/or coastal inundation resulting from super-elevated sea levels and/or waves overtopping coastline defences excluding tsunami.

Flood compatible materials include those materials used in building which are resistant to damage when inundated. A list of flood compatible materials is attached.

Flood evacuation strategy means the proposed strategy for the evacuation of areas with effective warning time during periods of flood as specified within any policy of Council, the floodplain risk management plan (FRMP), the relevant state government disaster plan, by advices received from the State Emergency Services (SES) or as determined in the assessment of individual proposals.

Flood Hazard Category defines the category of flood liable land being a combination of the hydraulic category of the floodplain and hazard category with the following criteria:

Floodway - Those areas, often aligned with obvious naturally defined channels, where a significant discharge of water occurs during floods. They are also areas where, if only partially blocked, will cause a significant redistribution of flood flow or significant increase in flood levels, which many impact on other properties.

Flood Storage - Those parts of the floodplain that are important for the temporary storage of floodwaters during the passage of a flood.

Flood Fringe - The remaining area of land affected by flooding, after floodway and flood storage areas have been defined.

High Hazard - Potential for significant structural damage. Potential danger to personal safety. Evacuation by cars or trucks difficult. Social disruption and financial losses could be high.

Low Hazard - People and possessions could be evacuated by truck. Able-bodied adults would have little difficulty wading through the waters.

Floodplain - The area of land which is subject to inundation by floods up to and including the probable maximum flood (PMF) event. With regard to residential development, is the area of land which is subject to inundation by the 1% AEP flood event.

Floodplain Development Manual (FDM) refers to the document dated April 2005, published by the New South Wales Government and entitled '*Floodplain Development Manual: the management of flood liable land*'.

Flood Planning Area the area of land below the FPL and thus subject to flood related development controls.

Flood Planning Level (FPL) are the combinations of flood levels and freeboards selected for floodplain risk management purposes, as determined in management studies and incorporated in management plans.

Flood prone land is land susceptible to flooding by the PMF event. With regard to residential development, is the area of land which is subject to inundation by the 1% AEP flood event.

Floodplain Risk Management Plan (FRMP) means a plan prepared for one or more floodplains in accordance with the requirements of the FDM or its predecessor.

Floodplain Risk Management Study (FRMS) means a study prepared for one or more floodplains in accordance with the requirements of the FDM or its predecessor.

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Freeboard is a factor of safety expressed as the height above the design flood level. Freeboard provides a factor of safety to compensate for uncertainties in the estimation of flood levels across the floodplain, such as wave action; localised hydraulic behaviour and impacts that are specific event related, such as levee and embankment settlement; cumulative impacts of fill in floodplains and other effects such as changes in rainfall patterns as a result of climate change

Habitable floor area means:

- in a residential situation: a living or working area, such as a lounge room, dining room, rumpus   room, kitchen, bedroom or workroom;
- in an industrial or commercial situation: an area used for offices or to store valuable possessions susceptible to flood damage in the event of a flood.

Hazard is a source of potential harm or a situation with a potential to cause loss. In relation to this plan, the hazard is flooding which has the potential to cause harm or loss to the community.

Hazardous materials are solids, liquids, or gases that can harm people, other living organisms, property, or the environment. May include materials that are radioactive, flammable, explosive, corrosive, oxidizing, asphyxiating, biohazardous, toxic, pathogenic, or allergenic. Also included are physical conditions such as compressed gases and liquids or hot materials, including all goods containing such materials or chemicals, or may have other characteristics that render them hazardous in specific circumstances.

Large Scale Development is (for the purposes of this document) a proposal that involves site disturbance 2500m^2 of land or greater.

Local overland flooding means inundation by local runoff rather than overbank discharge from a stream, river, estuary, lake or dam.

Outbuilding means a building that is ancillary to a principal residential building and includes sheds, garages, carports and similar buildings.

Probable maximum flood (PMF) is the largest flood that could conceivably occur at a particular location, usually estimated from probable maximum precipitation.

Probable maximum precipitation (PMP) is the greatest depth of precipitation for a given duration meteorologically possible over a given size storm area at a particular location at a particular time of the year, with no allowance made for long-term climatic trends (World Meteorological Organisation, 1986). It is the primary input to the estimation of the probable maximum flood.

Probability is a statistical measure of the expected chance of flooding (see ARI).

Reliable access during a flood means the ability for people to safely evacuate an area subject to imminent flooding within effective warning time, having regard to the depth and velocity of flood waters, the suitability of the evacuation route, and without a need to travel through areas where flood hazard increases.

Risk means the chance of something happening that will have an impact. It is measured in terms of consequences and probability (likelihood). In the context of this plan, it is the likelihood of consequences arising from the interaction of floods, communities and the environment.

Section 149 Planning Certificate provides information, including the statutory planning controls that apply to a parcel of land on the date the certificate is issued.

Survey plan is a plan prepared by a registered surveyor which shows the information required for the assessment of an application in accordance with the provisions of this Policy.

Suitably qualified engineer is an engineer who is included in the National Professional Engineers Register, administered by the Institution of Engineers Australia.

2.0   APPLICATION REQUIREMENTS

2.1   Pre-Application Consultation

a   Intending applicants are encouraged to discuss proposals for the development of flood affected land with Council's Development Assessment Unit staff at an early concept stage to enable agreement on the overall design approach, prior to lodgement of a development application. This pre-lodgement meeting will assist in identifying any potential problems and may save time and costs in processing as a result.

b   Appointments with staff can be arranged through Council's Customer Service Centre. Telephone contact is available on (02) 4350 5555 from 8.30am to 4.30pm, Monday to Friday.

2.2   Required Information

a   Applications must include information that addresses all relevant controls listed within this document and the following matters as applicable:

b   Development applications affected by this plan shall be accompanied by a survey plan showing:
    (i) the position of the existing building/s or proposed building/s,
    (ii) the existing ground levels and features to Australian Height Datum around the perimeter of the site and contours of the site, and
    (iii) the existing or proposed floor levels to Australian Height Datum.

c   Applications for earthworks, filling of land, infrastructure and subdivision shall be accompanied by a survey plan (with a minimum contour interval of 0.25m) showing relative levels to Australian Height Datum.

d   For large scale developments, or developments in critical situations, where an existing catchment based flood study is not available, a flood study prepared by a suitably qualified engineer using hydrologic and hydraulic dynamic one or two dimensional computer model may be required.

e   Where the controls for a particular development proposal require an assessment of structural soundness during potential floods, the following impacts must be addressed:
    i) hydrostatic pressure,
    ii) hydrodynamic pressure,
    iii) impact of debris, and
    iv) buoyancy forces.
Foundations need to be included in the structural analysis. Scour protection may be required at foundations.

3.0   DEVELOPMENT CONTROLS

3.1   Prescriptive Controls

The development controls apply to development proposals on land identified as flood prone land. The type and stringency of controls have been graded relative to the severity and frequency of potential floods, having regard to categories determined by the relevant floodplain risk management study and plan.

If an appropriate study or plan has not been completed, Schedule D - All other floodplains applies. For significant development on land where Flood Risk Mapping has not been completed a site-specific flood study may be required.

Attached Schedules E to J outline the controls relevant to each of the floodplains to which this plan applies.

Note: Council is to insert controls for other floodplains as appropriate FRMP's are prepared and adopted. Studies yet to be completed are shown grey in the following list.

Schedule D– All other floodplains
Schedule E - Tuggerah Lakes Foreshore
Schedule F - Porters Creek
Schedule G - Lower Wyong River
Schedule H - Ourimbah Creek
Schedule I - Tumbi Umbi Creek
Schedule J – Lake Macquarie

3.2   Performance Criteria

If a proposal does not meet the requirements of the prescriptive controls relevant to your site, in order for a proposal to be considered the performance criteria below are to be addressed to ascertain if the merit of the proposal warrants support.

(a)   The proposed development should not result in any increased risk to human life.

(b)   The additional economic and social costs that may arise from damage to property from flooding should not be greater than that which can reasonably be managed by the property owner and general community.

(c)   The proposal should only be permitted where effective warning time and reliable access is available for the evacuation of an area potentially affected by floods. Evacuation should be consistent with any relevant or flood evacuation strategy where in existence.

(d)   Development should not detrimentally increase the potential flood affectation on other development or properties or infrastructure, either individually or in combination with the cumulative impact of development that is likely to occur in the same floodplain.

(e)   Impact of flooding and flood liability is to be managed ensuring the development does not divert floodwaters or interfere with flood storage or natural function of the waterway.

(f)   Proposed development must be consistent with ESD principles.

(g)   The proposal adequately considers the impact of climate change.

It is to be noted that with regard to climate change projected sea level rise benchmarks as required for consideration under NSW State Government Legislation have been used in producing the flood risk management plans that inform this document.

Council may relax some prescriptive requirements such as flood planning level requirements if the projected life of the proposed development is limited and does not warrant the imposition of controls that consider impacts beyond the cessation of the proposed development.

Note: The prescriptive controls have been developed to ensure that proposals that meet the requirements of the relevant Prescriptive Control Schedule will meet the objectives of this Plan. A performance based assessment is likely to involve the submission of independent studies and reports. It is recommended that you should discuss the likelihood of achieving a successful outcome using a performance based assessment with Council staff using the pre-application process, outlined in Section 2.1 of this document prior to lodging an application

3.3   Building Design Considerations

In any case, building design whether relying on the Prescriptive Controls or Performance Criteria, should not result in significant impacts upon the amenity of an area by way of:

o   overshadowing of adjoining properties that does not meet the requirements of the relevant development controls adopted by Council;

o   privacy impacts (e.g. by unsympathetic house-raising);

o   by being incompatible with the streetscape or character of the locality.

o   filling of land to permit the construction of a building that has not been specifically designed in consideration with conditions that may be experienced on the floodplain.

3.4   Concessional Development

Council acknowledges that in some instances, relatively minor building additions will have a minimal impact on the floodplain. Council will give consideration for the following forms of development, disregarding the requirements of Sections 3.1 and 3.2 above.

o   Attached dwelling additions up to 40m^2 at no less than the same level as the existing adjoining approved floor level. The allowance for additions shall be made no more than once for any given property.

o   Additions to Commercial and Industrial Uses of up to an additional 100 m^2 or 20% (whichever the less) of the Gross Floor Area of the existing building at no less than the same level as the existing adjoining approved floor level. The allowance for additions shall be made no more than once for any given property.

Any proposal to be considered as concessional development must meet the building design considerations of Section 3.4 – Building Design Considerations and must meet the requirements of Section 4 – General Requirements below, most significantly with regard to the filling of flood prone land.

3.5   Exempt Development

A proposed development is 'exempt development' if it will have only a minimal impact on the local environment and is classified as exempt development in a planning instrument. There is no need for planning or construction approval to be obtained for exempt development. If there is any conflict due to similarities in land uses described in this plan and the relevant exempt development provisions, the exempt development provisions prevail. Council's Website provides information to help you ascertain if your proposal is exempt development. **Click** here to view more information on exempt development.

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4.0   GENERAL REQUIREMENTS

The following ancillary development issues are to be considered in the assessment of proposed development of flood prone land.

4.1   Requirements for fencing

OBJECTIVES

- To ensure that fencing does not result in any significant obstruction to the free flow of floodwaters.

- To ensure that fencing will remain safe during floods and not become moving debris that potentially threatens the security of structures or the safety of people.

- To ensure that fencing does not obstruct connectivity and the movement of fauna along riparian corridors.

PERFORMANCE CRITERIA

- Fencing is to be laid in such a manner that it will not modify the flow of floodwaters and cause damage to surrounding land.

4.2   Requirements for car parking

OBJECTIVES

- To minimise the damage to motor vehicles from flooding.

- To ensure that motor vehicles do not become moving debris during floods, which threaten the integrity or blockage of structures or the safety of people, or damage other property.

- To minimise risk to human life from the inundation of basement and other car park or driveway areas.

PERFORMANCE CRITERIA

- The proposed car park should not increase the risk of vehicle damage by flooding inundation.

- The proposed garage/car park should not increase the likelihood of flooding on other developments, properties or infrastructure.

- Any damage that may arise to the proposed garage/car park shall not be greater than that which can be reasonably managed by the property owner.

- Open car parking - The minimum surface level of open space car parking subject to inundation should be designed giving regard to vehicle stability in terms of depths and velocity during inundation by flood waters. Where this is not possible, it shall be demonstrated how the objectives will be met.

4.3   Requirements for filling of flood prone land

OBJECTIVE

To ensure that any filling of land that is permitted as part of a development consent does not have a negative impact on flood prone land.

REQUIREMENTS

- Unless a floodplain risk management plan for the catchment has been adopted, which allows filling to occur, filling for any purpose, including the raising of a building platform in flood-prone areas is not permitted in areas designated as floodway or high risk areas. In all other areas unless a report from a suitably qualified engineer is to be submitted and approved by Council that certifies that the development will not increase flood affectation elsewhere.

- Filling of individual sites in isolation, without consideration of the cumulative effects is not permitted. Any proposal to fill a site must be accompanied by an analysis of the effect on flood levels of similar filling of developable sites in the area. This analysis would form part of a flood study prepared by a suitable qualified professional.

4.4   Requirements for on-site sewer management

OBJECTIVE

- To prevent the spread of pollution from on-site sewer management systems during periods of flood.

- To assist in the ongoing operation of on-site sewer management systems during periods of flood.

REQUIREMENTS

- The treatment tank/holding device is to be located above the 1% AEP flood contour.

- The land application area is to be above that 5% AEP flood contour except in Wyong Shire's drinking water catchment where no component of the system will be permitted in any flood land below the 1% AEP flood contour.

- Refer to DCP 2005 Chapter 65 – On Site Effluent Disposal in Non-Sewered areas for guidance with regard to this form of application.

4.5   Requirements for the storage of hazardous substances

OBJECTIVE

To prevent the potential spread of pollution from hazardous substances

REQUIREMENTS

The storage of products which, in the opinion of Council, may be hazardous or pollute floodwaters, must be placed at a minimum of 500 mm above the height of the 1% AEP flood

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or placed within an area protected by bunds or levels such that no flood waters can enter the bunded area if the flood level rose to a level of 500 mm above the height of the 1% AEP flood.

SCHEDULE A - LAND USE CATEGORIES

The definitions listed below are generally extracted from the **Wyong Local Environmental Plan 1991**or the **Standard Instrument (Local Environmental Plans) Order 2006)**. Refer to these documents for further information on each definition. Contact the Council if your proposed land use is not included amongst the definitions.

1.   Critical Infrastructure and Facilities

aerodrome, heliport, communication facilities, generating works, hospital, utility installation, utility undertaking

airport, airstrip, electricity generating works, emergency service facility, helipad, public utility undertaking, residential care facility, sewage reticulation system, sewerage system, sewerage treatment plant, telecommunications facility, telecommunication network, water recycling facility, water reticulation system, water supply system, water treatment facility

public administration buildings occupied by emergency services organisations, health services facilities (helipads and ambulance facilities only),

2.   Sensitive Uses and Facilities

child care centre, hazardous or offensive industry, educational establishment, group homes, housing for aged or disabled persons, transitional group home

backpacker accommodation, biosolid treatment facility, correctional centre, home based child care, hostel, liquid fuel depot, nursing homes, residential care facility, school, seniors housing

3.   Land Subdivision

4.   Residential Uses – low density

detached dual occupancy, dual occupancy building, dwelling house, manufactured home, dwellings

dual occupancy, rural workers dwelling, secondary dwelling, semi-detached dwelling,

5.   Residential Uses – medium and high density

boarding house, multi dwelling housing, residential flat buildings, shop-top housing, attached dwelling,

caravan parks (long term sites)

6.   Commercial and Industrial Uses

abattoir, animal establishment, brothel, bulky goods sales and showroom, community facilities, depot, general store, hotel, industry, kiosk, large scale commercial premises, large scale retail premises, light industry, materials recycling depot, medical centre, motor showroom, place of worship, plant hire establishment, plant nursery, reception establishment, recreation facility, registered club, restaurant, road transport terminal, rural industry, sawmill, self storage establishment, service station, shop, transport depot, vehicle body repair workshop, vehicle repair station, warehouse, wholesale supplies

agricultural produce industry, air transport facility, amusement centre, animal boarding and training establishment, bulky goods premises, boat repair facilities, business premises, cemetery, charter and tourism boating facilities, crematorium, entertainment facility, food and drink premises, freight transport facility, function centre, funeral chapel, funeral home, health consulting rooms, heavy industry, highway service centre, home business, home industry, industrial retail outlet, (food) kiosk, information and education facility, landscape and building supplies, light industry, livestock processing industry, market, medical centre, neighbourhood shop, nightclub, office premises, passenger transport facility, pub, research station, resource recovery facility, retail premises, rural supplies, self storage units, storage premises, take away food and drink premises, timber and building supplies, toilet & amenities blocks, transport depot, truck depot, vehicle sales or hire premises, veterinary hospital, vehicle sales or hire premises, warehouse or distribution centre,

waste disposal facilities, waste management facility, waste and resource management facility, waste or resource transfer station,

health services facilities (excluding helipads and ambulance facilities), public administration building (excluding buildings occupied by emergency services organisations

7. Shed and Garages, ancillary residential development

Note: ancillary residential development includes swimming pools, cabanas, gazebos and similar structures

8. Tourist Development

Camping Grounds, motel, tourist accommodation

Bed and breakfast accommodation, farm stay accommodation, hotel or motel accommodation, serviced apartments, tourist and visitor accommodation

9. Caravan parks with short-stay accommodation

10. Low Impact Rural and Recreation

Agriculture, recreation area, stock and sales yard,

dairy, environmental facility, extensive agriculture, intensive agriculture, restricted dairy, restricted facility, turf farming

11. Earthworks

Earthworks, environmental protection works

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SCHEDULE B - FLOOD COMPATIBLE MATERIALS

COMPONENT	FLOOD COMPATIBLE MATERIAL
Flooring and Sub-floor	• concrete slab-on-ground monolith construction • suspended reinforced concrete slab
Wall Structure	• solid brickwork, blockwork, reinforced, concrete or mass concrete
Wall and Ceiling Linings	• fibro-cement board • brick, face or glazed • clay tile glazed in waterproof mortar • concrete • concrete block • steel with waterproof applications • stone, natural solid or veneer, waterproof grout • glass blocks • glass • plastic sheeting or wall with waterproof adhesive
Roof Structure	• reinforced concrete construction • galvanised metal construction
Doors	• solid panel with water proof adhesives • flush door with marine ply filled with closed cell foam • painted metal construction • aluminium or galvanised steel frame
Insulation	• closed cell solid insulation • plastic/polystyrene boards
Windows	• aluminium frame with stainless steel rollers or similar corrosion and water resistant material.
Nails, Bolts, Hinges and Fittings	• brass, nylon or stainless steel • removable pin hinges • hot dipped galvanised steel wire nails or similar

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COMPONENT	TREATMENT
Main power supply	• Subject to the approval of the relevant authority the incoming main commercial power service equipment, including all metering equipment, shall be located above the designated flood level. Means shall be available to easily disconnect the dwelling from the main power supply.
Wiring	• All wiring, power outlets, switches, etc., should be located above the designated flood level. All electrical wiring installed below this level should be suitable for continuous underwater immersion and should contain no fibrous components. • Earth leakage circuit-breakers (core balance relays) or Residual Current Devices (RCD) must be installed. • Only submersible type splices should be used below maximum flood level. • All conduits located below the relevant designated flood level should be so installed that they will be self-draining if subjected to flooding.
Electrical Equipment	• All equipment installed below or partially below the designated flood level should be capable of disconnection by a single plug and socket assembly.
Heating and Air Conditioning Systems	• Heating and air conditioning systems should be installed in areas and spaces of the house above the designated flood level.
Fuel storage for heating purposes	• Heating systems using gas or oil as a fuel should have a manually operated valve located in the fuel supply line to enable fuel cut-off. • The heating equipment and related fuel storage tanks should be mounted on and securely anchored to a foundation pad of sufficient mass to overcome buoyancy and prevent movement that could damage the fuel supply line. The tanks should be vented to an elevation of 600 millimetres above the designated flood level.
Ducting for heating/cooling purposes	• All ductwork located below the relevant flood level should be provided with openings for drainage and cleaning. Self-draining may be achieved by constructing the ductwork on a suitable grade. Where ductwork must pass through a water-tight wall or floor below the relevant flood level, a closure assembly operated from above relevant flood level should protect the ductwork.

SCHEDULE C - USING THIS DCP CHAPTER - EXAMPLES

1.   **Proposed dwelling house on flood prone land zoned 2(a) residential within an area where mapping is completed**

Refer to the flowchart shown in Section 1.3 of Chapter 113.

Refer to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991). The land use you wish to undertake is a dwelling house and is permissible in the 2(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

Schedule A of Chapter 113 indicates that a dwelling house falls within the Low Density Residential Category.

Council's Property Enquiry Mapping indicates that mapping for your site is completed.

Catchment –Tuggerah Lakes
Risk Category – medium
Finished Floor Level (FPL) – as provided on mapping

Using the Prescriptive Control Schedule Matrix for Tuggerah Lakes and note the requirements for your proposal:

Floor Level	(1, 5)1% AEP Flood Planning Level + 500mm freeboard (as provided above) + Subsidence allowance if applicable
Building Components	(1) Any part of the building below FPL to be flood compatible material. Refer to Schedule B for the list of Flood Compatible Materials.
Structural Soundness	(1) Appropriate Engineers Report from a suitably qualified engineer.
Flood Affectation	(1) Engineering Report re no increase on flood affectation elsewhere.
Evacuation	(1) Appropriate Engineers Report from a suitably qualified engineer.
Access	(1) Reliable access for emergency services. (2) Reliable access for pedestrians and vehicles.

Check your proposal against the building design requirements of Section 3.3 of Chapter 113

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113.

Consider all other relevant requirements prior to the lodgement of an application.

DCP 113 DCP NAME FLOOD PRONE LAND DEVELOPMENT 2005   <u>20</u>

2.   **Proposed dwelling house on flood prone land zoned 2(a) residential within an area where mapping is yet to be completed (e.g. fronting Lake Macquarie)**

Refer to the flowchart shown in Section 1.3 of Chapter 113.

Refer to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991). The land use you wish to undertake is a dwelling house and is permissible in the 2(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

Schedule A of Chapter 113 indicates that a dwelling house falls within the Low Density Residential Category.

Council's Property Enquiry Mapping indicates that mapping for your site is yet to be completed.

Contact Council to be provided with a flood planning level (eventually this information will be available from Council's Property Enquiry Mapping). Council staff have indicated that the site is considered medium risk.

Using the Prescriptive Control Schedule Matrix for Other Floodplains and note the requirements for your proposal:

Floor Level   (1)1% AEP Flood Planning Level + 500mm freeboard + subsidence allowance if applicable *–finished floor level will be provided by Council*

Building Components   (1) Any part of the building below FPL to be flood compatible material. Refer to Schedule B for the list of Flood Compatible Materials.

Structural Soundness   (1) Appropriate Engineers Report from a suitably qualified engineer.

Flood Affectation   (1) No increase in flooding elsewhere.

Evacuation   (1) Appropriate Engineers Report from a suitably qualified engineer.

Access   (1) Reliable access for emergency services.
(2) Reliable access for pedestrians and vehicles.

Check your proposal against the building design requirements of Section 3.3 of Chapter 113

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113.

Consider all other relevant requirements prior to the lodgement of an application.

DCP 113 DCP NAME FLOOD PRONE LAND DEVELOPMENT 2005   21

3.   **Proposed warehouse on land zoned 4(a) general industrial within an area where mapping is yet to be completed .**

Refer to Section 1.3 of Chapter 113.

Refer to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991). The land use you wish to undertake is defined as a warehouse and is permissible in the 4(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

Schedule A of Chapter 113 indicates that a warehouse falls within the Commercial and Industrial Uses Category.

Council's Property Enquiry Mapping indicates that mapping for your site is yet to be completed.

Contact Council to be provided with a flood planning level and flood risk category (eventually this information will be available from Council's Property Enquiry Mapping). Council staff have indicated that the site is considered medium -hazard.

Using the Prescriptive Control Schedule Matrix for Other Floodplains and note the requirements for your proposal:

Floor Level	(2,5) 2% AEP Flood Planning Level + 500mm freeboard + subsidence allowance if appropriate
Building Components	(1) Any part of the building below FPL to be flood compatible material. Refer to Schedule B for the list of Flood Compatible Materials
Structural Soundness qualified	(1) Appropriate Engineers Report from a suitably engineer
Flood Affectation	(1) No increase in flooding elsewhere.
Evacuation qualified	(1) Appropriate Engineers Report from a suitably engineer
Access	(1) Reliable access for emergency services. (2) Reliable access for pedestrians and vehicles.

Check your proposal against the building design requirements of Section 3.4 of Chapter 113

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113.

Consider all other relevant requirements prior to the lodgement of an application.

DCP 113 DCP NAME FLOOD PRONE LAND DEVELOPMENT 2005   <u>22</u>

4.   **Proposed manufactured office building to be used in conjunction with an industrial development on flood prone residential land zoned 4(a) industrial within an area where mapping is yet to be completed**

Refer to Section 1.3 of Chapter 113.

Refer to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991). The land use you wish to undertake is permissible in the 4(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

Schedule A of Chapter 113 indicates that industry falls within the Commercial and Industrial Uses Category.

Council's Property Enquiry Mapping indicates that mapping for your site is completed.

Contact Council to be provided with a flood planning level and flood risk category (eventually this information will be available from Council's Property Enquiry Mapping). Council staff have indicated that the site is considered high -hazard.

Refer to Performance Criteria of Section 3.2 of Chapter 113. Can the proposal meet the Criteria listed under Section 3.2?

Note: It is likely that a report from a suitably qualified engineer will be required to respond to the Performance Criteria. In this instance, the land use may potentially considered short term there may be scope to investigate a potential reduction in building height and other controls given that the land use may be considered short-term and can be granted concession under Section 3.2(g).

Check your proposal against the building design requirements of Section 3.3 of Chapter 113.

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113.

Consider all other relevant requirements prior to the lodgement of an application.

5.   **Proposed dwelling additions of 35m² on flood prone land zoned 2(a) residential within an area where mapping is completed. The dwelling house has not previously been approved for additions.**

Refer to the flowchart shown in Section 1.3 of Chapter 113.

Refer to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991). The land use you wish to undertake is a dwelling house and is permissible in the 2(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

The flowchart guides you to Section 3.5 of Chapter 113.

Section 3.5 indicates work can be undertaken with the consent of Council provided the floor level is at or above the existing approved adjoining floor level.

Check your proposal against the building design requirements of Section 3.3 of Chapter 113

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113 if appropriate.

Consider all other relevant requirements prior to the lodgement of an application.

6.   **Proposed garage of 50m^2 on flood prone land zoned 1(a) rural within an area where mapping is completed.**

Refer to Section 1.3 of Chapter 113.

You have referred to the relevant Environmental Planning Instrument (e.g. Wyong Local Environmental Plan 1991) and established that the land use you wish to undertake is not a prohibited land use in the 1(a) zone.

A check of your 149(2) Certificate indicates that the subject site is flood prone land.

Schedule A of Chapter 113 indicates that a shed will fall under the definition of sheds/garages and other ancillary structures.

Council's Property Enquiry Mapping indicates that mapping for your site is completed.

Catchment –Tuggerah Lakes
Risk Category – medium
Finished Floor Level (FPL) – as provided on mapping

Using the Prescriptive Control Schedule Matrix for Other Floodplains and note the requirements for your proposal:

Floor Level   (6) At Ground level

Building Components   (2) 50m^2 maximum
                                     (3) Warning signage to be provided

Check your proposal against the building design requirements of Section 3.3 of Chapter 113

Check your proposal against the general requirements for other elements of development such as fencing and car parking indicated in Section 4 of Chapter 113.

Consider all other relevant requirements prior to the lodgement of an application.

DCP 113 DCP NAME FLOOD PRONE LAND DEVELOPMENT 2005   25

SCHEDULE D - PRESCRIPTIVE CONTROLS MATRIX – OTHER FLOODPLAINS

DCP 113 DCP NAME FLOOD PRONE LAND DEVELOPMENT 2005   <u>26</u>

SCHEDULE E - PRESCRIPTIVE CONTROLS MATRIX – TUGGERAH LAKES FORESHORE

Photograph Shelly Beach Wednesday 14th July 2010 1:34pm

Usage Statistics Shelly Beach 14/7/10 1-2pm:

Beach - 35
Water -5
Surf -26

Total = 66

Shelly Beach Wednesday 21st July 2010 3:23pm

Usage Statistics Shelly Beach 21/7/10 3-4pm:

Beach - 42
Water -11
Surf 16

Total = 69

Shelly Beach Sunday 25th July 2010 12:42pm

Usage Statistics Shelly Beach 25/7/10 12-1pm:

Beach - 30
Water -23
Surf -30

Total = 83

Shelly Beach Saturday 14th August 12:44pm

Usage Statistics Shelly Beach 14/8/10 12-1pm:

Beach - 100
Water -2
Surf -40

Total = 142

Shelly Beach Friday 27th August 1:44pm

Usage Statistics Shelly Beach 27/8/10 1-2pm:

Beach - 60
Water - 6
Surf - 55

Total = 121

Shelly Beach Sunday 29th August 2010 12:10pm

Usage Statistics Shelly Beach 29/8/10 12-1pm:

Beach - 95
Water -30
Surf -20

Total = 145

Shelly Beach Monday 6th September 2010 12:26pm

Usage Statistics Shelly Beach 6/9/10 12-1pm:

Beach - 75
Water -18
Surf -10

Total = 103

Shelly Beach Sunday 12th September 2010 9:50am

Usage Statistics Shelly Beach 12/9/10 9-10am:

Beach - 155
Water -50
Surf -65

Total = 270

Shelly Beach Tuesday 21st September 2010 11:28

Usage Statistics Shelly Beach 21/9/10 11am – 12pm:

Beach - 180
Water -25
Surf -10

Total = 215

Soldiers Beach Wednesday14th August 2010 1:25pm

Usage Statistics Soldiers Beach 14/8/10 1-2pm:

Beach - 60
Water -6
Surf -70
Total = 136

Soldiers Beach Wednesday 25th August 2:11pm

Usage Statistics Soldiers Beach 25/8/10 2-3pm:

Beach - 80
Water -3
Surf -4

Total = 87

Soldiers Beach Friday 27th August 2010 12:58pm

Usage Statistics Soldiers Beach 27/8/10 12-1pm:

Beach – 20 (nb. Obvious low assessment of beach numbers compared to photograph)
Water - 0
Surf - 10

Total = 30

WYONG SHIRE COUNCIL

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INTERNAL AUDIT PLAN

January 2011 to December 2012

Table of Contents

1. Introduction

In accordance with the Internal Audit Charter the Internal Audit Plan has been prepared by Internal Audit for review and approval by the Governance Committee and adoption by Council. The plan covers the period January 2011 to December 2012.

The plan has been prepared using a risk based and strategic approach and has taken into consideration input from the General Manager, Directors and other management.

The plan reflects a shift to a more strategic and value adding approach by Internal Audit in accordance with the desired outcomes of the organisational service delivery review. There is greater emphasis on Internal Audit providing assurance that outcomes and performance targets are being met in priority objective areas and the identification of opportunities for improving the quality of operations across Council. This will be achieved by a combination of business focussed reviews, the more traditional assurance audits and an increased advisory presence across the organisation particularly in the areas of enterprise risk management, internal controls and operational efficiency and effectiveness. As part of the Legal and Risk Unit, Internal Audit will also contribute to education processes across Council in a proactive manner emphasising better practice processes and prevention controls.

2. Purpose

The Internal Audit Plan outlines the audit reviews to be conducted by Internal Audit and the other audit related activities which it plans to undertake through to December 2012. Brief initial scopes of each proposed review are provided in the plan to assist with understanding of the aspects likely to be covered in each audit. An outline is also provided of the more strategic, value adding and educational activities that Internal Audit will undertake over that period. An analysis of overall audit times and an estimate of the required time for each audit activity have also been compiled.

A profile of the audit universe reflecting the new organisational structure is contained in Schedule 3. It details the relative risk of each Department, Service Unit and the higher risk services, products and special areas across Council.

3. Audit Planning Approach

The audit universe at Wyong Shire Council extends over five Departments, 26 Service Units delivering 53 defined services and over 200 products. In addition there are a number of special areas and systems that need to be considered which brings the total audit universe close to 450 areas which could be considered for a specific audit.

 With Internal Audit resources largely limited to two experienced internal audit staff, it is not possible (nor cost effective) to achieve a full coverage of all auditable areas even over a timeframe of say six years. It is therefore necessary to accept that not all areas will be able to be subject to a comprehensive audit review even over a longer timeframe.

The plan reflects a number of initiatives to help maximise coverage and add value with available resources. These include:

- Ensuring audits stay focussed on a realistic management agreed terms of reference
- Tailoring of audits in manner which adds most value eg in-depth audit on specific controls or a broader risk based audit on key areas
- Ensuring agreed timeframes are achieved as regards audit scheduling, report preparation and management responses
- Fast tracking of process improvements via audit initiated management directives
- Using on-line compliance and self assessment checklists is more routine and mature areas of operation to streamline audit processes
- Being proactive in providing advice and education to staff in areas of higher risk
- Quickly responding to the General Manager, Directors and/or Service Unit Managers requests for reviews of areas/matters where value can be added by immediate involvement
- Working with operational areas on systems/processes under review consequent to the Service Delivery Review especially in regards to risks and controls and ways of doing things smarter/better/cheaper etc
- Working closely with other assurance and business improvement roles to help deliver a better outcome in a more efficient manner.

The level of expertise of audit staff in certain areas may require the assistance of external providers in specialised fields such as IT systems to help deliver components of the audit plan. In other instances, Internal Audit may also partner with an operational initiated external review of an area with a view to utilising that process as acceptable audit coverage of the area eg asset management, procurement or environmental management.

Audit focus needs to be on those areas of higher risk and strategic importance if substantial value is to be achieved from the investment made in applying resources to the Internal Audit function. These higher risk and strategic areas will be where audit involvement can add greatest value to Council. These areas are also where Executive Management, the Governance Committee and Councillors will require added assurance that organisational objectives are being met given that they are largely the areas related to the priority objectives identified in the Shire Strategic Vision and shorter term delivery and operational plans.

It is also important that Internal Audit plays a significant role in assisting management improve the quality of their operations. This links into the movement to a continuous improvement culture within Council. Part of the focus of audits will also be around accessing the quality of operations from a broader strategic and operational perspective – a bigger picture view.

The risk assessment undertaken by Internal Audit has utilised several risk assessment processes. A higher level risk assessment was undertaken assessing the level of audit risk for each area based on an analysis of inherent, control and detection risks[1]. The audit risk is the combination of these components. It is this audit risk relativity which has been referred to in this plan document. A lower audit risk rating indicates a higher level of risk.

A more detailed risk assessment has been conducted by Internal Audit across each audit universe area considering the level of risk in the following risk categories:

- Value for money
- Reputation
- Corruption
- Legal and regulatory
- Business systems and processes
- People
- Safety (staff and community)

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[1] **Inherent risk** is the underlying risk associated with an area assuming no controls but recognising its current state. **Control risk** is the risk that the controls in place will be effective in mitigating risks. **Detection risk** is the risk that errors or issues will not be detected given the nature of the business.

- Positives (opportunities)

Reference has also been made to the risks previously identified at a Service Unit and corporate level. Input from a risk perspective has also been ascertained from the General Manager and Directors and various Service Unit managers.

A profile of the audit universe in Schedule 3 indicates that the higher audit risk Departments are the General Manager and Infrastructure Management Departments. These departments are where the most funds are spent and the higher risk projects are managed. The councillors are also taken to be included in the General Manager's Department.

The risk profiles also detail when the area was last subject to a detailed audit. An indication is also given in the schedule as to whether there has been other audit activity in the auditable area by way of risk management (R) or advisory (A) involvement.

There are high audit risk exposures in most of the Service Units which is reflective of the nature of the local government business. The bolded items in the follow lists of higher risk areas have been incorporated to a reasonable degree in the planned audits.

Those Service Units with a higher audit risk rating are as follows:

- **Asset Management**
- Compliance and Regulation
- **Contract and Project Management**
- **Development Assessment**
- **Economic and Property Development**
- **Environment and Natural Resources**
- **Finance**
- **Human resources**
- **Information Management**
- **Integrated Planning**
- Land Use Planning and Policy Development
- **Major Projects**
- Place Management
- **Plant, Fleet and Depots**
- **Waste**

Those service activities of Council which have a higher audit risk rating include:

- Compliance and Regulation
- **Contract and Project Management**
- **Economic and Property Development**

- Embedding sustainability (as per the TBL) within council through education and engagement
- **Finance**
- **Floodplain and stormwater management**
- **Human Resources**
- **Information management**
- **Integrated Planning**
- Natural resources planning
- **Planning for climate change**
- **Waste Facilities Maintenance**
- **Waste Operations**

At product level the higher audit risk rated items include:

- **Buttonderry operations**
- Communications - Internal
- **Coordination and management of natural resource and natural asset plans - Bushfire management**
- Embedding sustainability - leadership, education and engagement across council
- Government relations
- **Long Term Financial Plan**
- **Management of emerging major projects**
- **Property Investment & Development**
- Ranger services
- **Revenue generation**
- Solutions development
- **Warnervale Town Centre**
- **Workplace change**

The audit risk analysis has also considered a number of special areas which could be specifically audited. The special areas with a higher audit risk rating include:

- **Advocacy**
- **Affiliated Organisations**
- Buildings - Surf clubs
- Buildings - Swimming pools
- **Cash handling**
- **Conflicts of Interest**
- **Corporate culture**
- **Corporate Productivity**
- Councillors
- **Councils Online IT**
- **Developer Interaction**
- E-Services
- Ethics
- Executive team
- Fines

- Fire safety
- **General Manager**
- Gosford Wyong Joint Water Authority
- **Government agency interaction**
- **Infrastructure - Information Technology (Network, GIS, Security, systems Admin, communications infrastructure**)
- Internal communications
- **Internal controls**
- Investments
- **IT Security**
- **Joint ventures/PPP/other commercial opportunities**
- Legal disputes
- **Legislative Compliance**
- **Local Emergency Management Committee**
- Management and ergonomics (within 2 Hely St or in all Council buildings)
- **Mayor**
- **Performance Management**
- **Pipeline Project**
- Population growth
- Privacy
- **Purchase cards**
- Regional council
- Sea level rise
- **Senior Management Team**
- **Service Delivery Review**
- **Shire Strategic Vision**
- Social media
- **Special rates**
- **Specialised agreements**
- **Sponsorship arrangements**
- **Strategic Finance Committee**
- Sundry debtors
- Timber bridges
- Toukley Town Centre
- Traffic management
- **Voluntary Planning Agreements**
- **Westfield site**
- Whistleblowing
- **Wyong Employment Zone**
- **Wyong/Tuggerah Town Centre**

The assessment of positives for each auditable area has also identified areas the level of opportunity for significant benefit to be achieved and relative ease of implementing required changes. The outcomes of this process have been taken into account in developing the plan with an emphasis on those areas where a higher level of benefit can be achieved for Council.

These risk analyses are useful for focussing audit effort and building a better understanding of the risks associated with the whole business. Most of the above areas of higher audit risk have been included to at least some extent in the 2011-2012 plan. Where they are not included they should be captured through the risk management processes which will be established through the Enterprise Risk Management strategy being rolled out across the organisation through to June 2013. Internal Audit will also assist with the identification of higher level risks in the development of the Service Unit business plans for 2011/12.

The eventual implementation of a robust ERM strategy will better inform the audit planning process. As ERM develops it will be appropriate to revise the audit plan to better reflect the risk exposures of Council.

The presence of a large number the higher risk areas is not unusual in local government organisations given the political, financial and complex legislative environment in which they operates. It clearly emphasises the need for the organisation to have in place very effective risk management processes.

4. Planned Assurance Audits 2011 - 2012

The planned audits in the two year period January 2011 to December 2012 are as follows:

- Cash handling and receipting
- Corporate information including IT security
- Developer contributions including Voluntary Planning Agreements, works in kind and conditions of consent
- Emergency preparedness
- Environmental management
- Financial management including payroll
- Floodplain management
- Fraud and corruption risk assessment
- Human resources strategy
- Major projects
- Sponsorship arrangements
- Plant and fleet
- Procurement
- Closed recommendation follow up
- Rezonings
- RTA DRIVES 2011 and 2012
- Service Delivery Review assurance
- Waste management – active landfill

The other key audit related activities that will be undertaken include:

- Enterprise Risk Management strategy project
- Audit software implementation
- Advisory activities
- Educational activities
- Governance Committee
- Audit follow up – normal

The proposed audits are combination of reviews of higher risk areas such as major projects, corporate information and environmental management and more routine areas such as cash handling and payroll.

The broad scope of each audit is detailed in Schedule 4. The scope provides an initial outline of the key aspects of each area that are expected to be considered during the review. Prior to the commencement of each audit a detailed achievable Terms of Reference will be prepared in conjunction with the operational management and the Executive to ensure focus of the audit is on the higher risks, areas where greatest value can be added by the audit and where added assurance is sought by management.

A lead auditor will be assigned to each of the major audits to facilitate efficiency and accountability for completion of the audit as regards time and quality. The Internal Auditor will however provide oversight on all audits and has accountability for the completion of the total plan. Oversight activities will largely be a consultative process around setting key components of the Terms of Reference, identifying higher risk exposures, significant scope or budget changes, attendance at close out meetings with executive management and consideration of recommendations relating to higher risk exposures identified through the audit. There will also be a process of good consultation between audit staff and the wider Legal and Risk Unit on the audits undertaken to ensure that the combined knowledge is utilised in the identification of risks and the making of value adding recommendations.

The analysis of available internal audit times for 2011/12 provided in Schedule 1 shows that 62% of available audit staff time will be spent on undertaking the 19 planned audit reviews over the two year period. 25% of available time will be spent on other related audit activities, including the ERM strategy project. The plan also contains a contingency of 13% for unplanned audit related activities.

It is noted that some of the audits were planned for the year to June 2010 but were unable to be completed. These included corporate information, payroll, plant fleet and waste management. The issue of not being able to complete

planned audits should be largely overcome in the future by reducing the number of planned audits, eliminating most of the investigation role of the Internal Audit function and having a more reasonable level of contingency in the program. Improved scope management and management responsiveness to the finalisation of the audits will also assist in completing the plan.

Internal Audit will continue to maintain a good working relationship with the External Auditor. Strengthened processes by Internal Audit will enable External Audit to place a reasonable degree of reliance on the work of Internal Audit. Realistically the most comfort that Internal Audit provides to the External Auditor is the presence of the function in the first instance and secondly that its processes are undertaken in a professional, independent and objective manner.

Areas such as IT security and the procurement and financial management (including payroll) reviews will be more relevant to the financial aspects of the external audit process. Internal Audit will discuss processes to be undertaken in each of these areas with the External Auditor in order to optimise any synergies which may be available from working in closer collaboration on these areas.

Internal Audit will work in cooperation with other monitoring and governance areas of Council. The creation of the Legal and Risk Unit, which includes the Internal Ombudsman, General Counsel and Enterprise Risk Management roles as well as Internal Audit, will facilitate the integration of key aspects of these important governance roles within Council. Internal Audit will also work closely with continuous improvement activities across Council to ensure that learnings from reviews are shared and that there is no unnecessary overlap of activity.

Other assurance areas of Council which Internal Audit will liaise with as appropriate include Asset Management, Environmental Management, Integrated Planning, the Chief Financial Officer, OHS, Governance and Procurement. Proactive steps will continue to be taken to strengthen relationships with these areas and improve outcomes.

5. Audit Approach

Internal Audit will continue to use the audit methodology which it has successfully applied over the past two years. It sets out the broad framework in which audits will be conducted including the timelines for conduct of the audit, responses to draft reports and finalisation of the reports.

Most audits will be conducted as Business Reviews. These will be consultancy style reviews, with a strategic focus and outputs very much aimed at adding value. This approach will involve consideration being given to issues such as strategic direction, quality of service, process re-engineering or resource re-alignment and at all stages will involve close collaboration with management and staff from the area under review. This will enhance the value of the audits and strengthen ownership of the recommendations arising from the reviews. These reviews will cover specific operations within an area as well as cross-Council processes (for example financial management or project management). As appropriate, the Business Reviews will include wider consultation with other stakeholders.

The other type of review will be Compliance Reviews which will focus on areas where procedural compliance is important such as payroll or IT. These reviews will use computer assisted audit techniques (CAATs) where possible. Time has been allowed in the plan for implementation and training in the use of the CAATs software.

There will be increased focus on the follow up of the implementation of audit recommendations. The plan also allows for a review to be undertaken of previously closed audit recommendations to ensure that appropriate processes are still in place to address the issues raised.

6. Other considerations

The use of integrated risk management and audit software would add significant long term efficiencies to the audit and risk management processes. This objective will be considered as part of the ERM strategy project.

Audit software tools such as ACL or Idea are yet to be effectively utilised by Internal Audit. Time has been allocated to establish the use of one of these tools into higher volume transaction based audits such as payroll and procurement. Funding of $6k will be required in the 2011/12 budget to cover the cost of a licence and initial training for this tool.

Internal Audit will work to develop stronger working relationships with operational management. This will achieved through actions including regular interaction at a Director and Service Unit Manager level, contribution to corporate and departmental forums and disseminating useful educative material across the organisation.

Where the opportunity presents itself, Internal Audit will support the secondment of operational staff to work in the area for limited times. This may be part of a process of professional development of the individual or to provide assistance in a specific review associated with their area. The net time benefit to Internal Audit is likely to be negligible but it provides a longer term benefit to the Council in terms of staff professional development, knowledge transfer and understanding of the Internal Audit function.

Schedule 1 Available Audit Time Analysis

		Days
Total available days (2 years for 2 staff)		1,040
Public holidays	(40)	
Annual leave	(88)	
Sick/carers leave	(20)	(148)
Available working days		892
Training - Council	(18)	
Administration	(26)	(44)
Available auditing time	82%	848
Specific audits	62%	523
Other audit activities	25%	215
Allowance for contingency	13%	110
Available auditing time	100%	848

Schedule 2 Planned Audits Times 2011 - 2012

Audit Activity	Manager Days	Senior Days	Total Days	Lead Auditor
Cash handling and receipting		20	20	Baker
Corporate information	5	50	55	Baker
Developer contributions including VPAs, works in kind and conditions of consent		20	20	Baker
Emergency preparedness	20		20	Simpson
Environmental management	30		30	Simpson
Financial management	40		40	Simpson
Floodplain management	20		20	Simpson
Fraud and corruption risk assessment	30		30	Simpson
Human resources strategy	3	35	38	Baker
IT strategy	10		10	Simpson
Major projects	40		40	Simpson
Plant and fleet	3	27	30	Baker
Procurement	5	50	55	Baker
Closed recommendation follow up	5	15	20	Simpson
Rezonings		20	20	Baker
RTA Drives 2011 and 2012		5	5	Baker
Service Delivery Review assurance	20		20	Simpson
Sponsorship arrangements		20	20	Baker
Waste management - active landfill	2	28	30	Baker
Enterprise Risk Management Strategy Project	35		35	Simpson
Audit software implementation	9	9	18	Simpson
Advisory activities	18	10	28	Simpson
Education activities	5	15	20	Baker
Governance Committee	18	8	26	Simpson
Audit follow up - normal	8	8	16	Simpson
Management meetings	18	12	30	Simpson
Professional outreach	12	10	22	Simpson
Audit planning and performance measurement	12	8	20	Simpson
CONTINGENCY	**52**	**58**	**110**	
Total audit days	**420**	**428**	**848**	

Schedule 3 Audit Universe

Departments	Audit Risk Rating	
General Manager	2	
Infrastructure Management	4	
Corporate Services	6	
Environment & Planning Services	8	
Community and Recreation Services	18	

Service Units	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Information management	3	R
Economic and Property Development	4	R
Environment and Natural resources	4	R
Waste	4	2009
Asset Management	6	2009
Compliance and Regulation	6	R
Contract and Project Management	6	2008
Finance	6	2006
Human Resources	6	A
Integrated Planning	6	A
Land Use Planning and Policy Development	6	2007
Major projects	6	A
Place Management	6	2008
Development Assessment	8	2010
Plant and fleet and depots	8	2004
Building Certificate and Health	12	2010
Community engagement	12	
Corporate Governance	12	A
Legal and risk	12	A
Lifelong Learning	12	2009
Open Space	12	
Roads and Stormwater	12	2008
Water and Sewerage	12	2008
Community and Cultural Development	18	
Community Buildings	18	R
Sport, Leisure and Recreation	18	

Service Activity	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Information management	3	R
Economic and Property Development	4	R
Waste Operations	4	R
Waste Facilities Maintenance	4	R
Floodplain and stormwater management	6	2009
Compliance and Regulation	6	R
Contract and Project Management	6	2008
Planning for climate change	6	A
Natural resources planning	6	
Embedding sustainability (as per the TBL) within council through education and engagement	6	A
Finance	6	2006
Human Resources	6	A
Integrated Planning	6	A
Land Use Planning and Policy Development	6	2007
Legal	6	
ERM	6	2008
Internal Ombudsman	6	A
Major projects	6	A
Place Management	6	2008
Roads and Stormwater Asset Management and Planning	6	2008
Communications	8	
Development Assessment	8	2010
Environmental planning	8	
Plant and fleet and depots	8	2004
Playgrounds Maintenance	9	
Corporate Governance	9	A
Property administration	9	
Community Facilities	12	
Community Buildings Maintenance - Toilet blocks	12	
Community engagement	12	
Community Lifelong Learning	12	2009
Roads and stormwater construction	12	2008
Roads and Stormwater maintenance	12	2008
Roads and Stormwater design	12	2008
Sport, Leisure and Recreation Operations	12	

Service Activity	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Asset management strategy, systems and coordination of inspections	18	2010
Transport planning	18	
Light Building Construction	18	2010
Community and Cultural Development	18	
Community & Cultural Planning	18	
Community Education	18	
Community Building Maintenance	18	R
Community Buildings Construction	18	
Customer Contact	18	
Coordination and management of natural resources and natural assets plans	18	
Internal audit	18	2009
Landscape Design and Project Management	18	
Natural Open Space Maintenance and Operations	18	
Developed Open Space Maintenance and Operations	18	
Sport, Leisure and Recreation Maintenance	18	
Water and Sewerage	18	2008
Sport, Leisure and Recreation Planning	27	

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Communications - Internal	2	R
Property Investment & Development	2	
Government relations	2	R
Management of emerging major projects	2	A
Long Term Financial Plan	3	A
Coordination and management of natural resource and natural asset plans - Bushfire management	3	R
Warnervale Town Centre	3	R
Ranger services	4	R
Revenue generation	4	R
Embedding sustainability - leadership, education and engagement across council	4	R
Workplace change	4	R
Solutions development	4	A
Buttonderry operations	4	R
Complaint management	6	
Ranger services - public order	6	
Contract and Project Management	6	2008
Management of infrastructure projects	6	2008
Purchasing	6	2006
Planning for climate change -adaptation	6	A
Planning for climate change - mitigation	6	A
Embedding sustainability - Development of sustainability tools (decision making framework)	6	A
Learning and development	6	A
Corporate records	6	A
Rezonings	6	
Land Use Planning Policy	6	
S94 Contribution Plans	6	2009
Complaints management	6	2010
Legal advice	6	R
Major project oversight	6	A
Water authority	6	2010
Wyong business incubator	6	A
Coordination of The Entrance Town Centre Management	6	2009
Development Control Plans	6	2008

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Planning proposals	6	2008
Masterplans	6	2008
Emergency services	6	R
Condition assessing, assessment and reporting	6	2008
Bridge construction	6	2008
Traffic facilities	6	2008
Environmental Protection - Auditing	8	A
Complaint management - Consent compliance	8	
Policy management	8	A
Development Applications (Classes 2 through 9)	8	2010
Tree assessment	8	
Part 5 assessments	8	2010
Environmental Planning - bushfire management	8	
Environmental Planning - Floodplain risk management planning	8	2008
Environmental Planning - Natural resources strategy	8	
Workshop	8	2004
Bridge maintenance	8	2008
Quantities and cost estimating	8	2008
Sport, Leisure and Recreations Operations - Swimming pools operations	8	
Sport, Leisure and Recreations Operations - Holiday parks	8	2005
Sport, Leisure and Recreation Operations - Swimming pool operations	8	
Closed landfill management	8	2009
Community Buildings Maintenance - Playground equipment	9	
Property administration	9	
Environmental Planning - Coastal plan	9	
Treasury and Taxation operations	9	A
Workforce development	9	A
Corporate applications	9	
Development Control plans	9	2009
Asset management strategy	12	2009
Community Facilities - Cemeteries management	12	
Community Facilities - Community facility management	12	

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Community Buildings Maintenance - Toilet blocks	12	
Community Buildings maintenance	12	
Community Buildings Maintenance - Graffiti removal	12	
Community Development	12	
Ranger services - companion animals	12	2009
Complaint management - Land Use	12	
Environmental Protection - Public order	12	
Weeds and Pests	12	
Environmental Planning - Environmental audits	12	A
Natural resources planning - biodiversity planning and management	12	
Revenue collection	12	2005
Occupational Health	12	2007
Measures and Reporting	12	2006
Continuous Improvement Program/Best value reviews	12	A
DA Client management/pre-lodgement	12	2010
Customer Advice	12	2010
ERM - Insurances	12	
Child Care	12	2008
Libraries	12	
Vacation care	12	2009
Other Plans	12	2008
Public domain plans	12	2008
Small plant (Devices and services maintenance)	12	2004
Plant management	12	2004
Roads construction	12	2008
Roads maintenance	12	2008
Footpath construction	12	2008
Stormwater construction	12	2008
Shared pathways maintenance	12	2008
Car park maintenance	12	2008
Project management and design preparation	12	2008
Geotechnical services	12	2008
Lifeguards	12	
Waste collection contract	12	
Sewer Mains	12	2008

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Advocacy on traffic matters	18	
Whole of asset lifecycle process	18	2010
Building certificates	18	2010
Complying Development Certificates	18	2010
Development applications - residential (Classes 1 &10)	18	2010
Occupation certificates	18	2010
Public Health	18	
Construction certificates	18	
Community Development - Events	18	
Community & Cultural Planning - Cultural planning	18	
Community Facilities - Wyong cultural centre operations	18	R
Community Development - Capacity building programs	18	
Community Development - Cultural development	18	
Community Development - Youth and Seniors Programs	18	
Community Education - Road Safety	18	
Community Buildings Maintenance - Building maintenance	18	R
Customer Contact - General queries	18	
Customer Contact - Payment and sales	18	
Customer Contact - Application and licence lodgement	18	
Communications - Organisational reputation and brand management	18	
Customer Contact - Bookings	18	
Ranger services - parking	18	2009
Animal Care	18	2009
Procurement systems	18	2010
Development Advice and Education	18	2010
Ecology	18	
Subdivision supervision	18	2010
Development engineering	18	2010
Coordination and management of natural resource and natural asset plans - estuary management projects	18	

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Environmental Planning - Environmental management systems	18	A
Coordination and management of natural resource and natural asset plans - coastal management projects	18	
Coordination and management of natural resource and natural asset plans - Biodiversity management projects	18	
Payroll	18	2007
Accounting services	18	2008
Accounts payable	18	A
Water billing	18	2008
Industrial relations	18	
HR Information management	18	
Insurance and workers compensation	18	
Remuneration	18	
Recruitment	18	A
Safety	18	
Standard operating environment	18	
Land Information	18	
Public Officer	18	A
Internal audit - advisory	18	2009
Legal risk review/assessment	18	A
IO - Administration improvement	18	A
Conveyancing	18	
Developed Open Space Maintenance and Operations - Sportsfields operations	18	
Developed Open Space Maintenance and Operations - open space litter control	18	
Developed Open Space Maintenance and Operations - Parks and reserves maintenance	18	
Public tree management	18	
Developed Open Space Maintenance and Operations - Roadside landscape maintenance	18	
Natural Open Space Maintenance and Operations - Catchment maintenance	18	
Natural Open Space Maintenance and Operations - Landcare	18	

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Landscape Design and Project Management	18	
Natural Open Space Maintenance and Operations - Lake and coastline maintenance	18	
Natural Open Space Maintenance and Operations - Vegetation maintenance	18	
Landscape Design and project management - Landscape and playground design & Project management	18	
Developed Open Space Maintenance and Operations - Nursery operations	18	
Large plant contracts	18	2004
Depots management	18	2004
Stores - Long Jetty & Charmhaven	18	2004
Fleet management	18	2004
RTA road maintenance	18	2008
Sport, Leisure and Recreations Operations - Sport and Recreation development	18	
Open space and recreation planning	18	
Sport, Leisure and Recreation planning - Open space and recreation planning	18	
Sport, Leisure and Recreation Maintenance - Sport and recreation facilities maintenance	18	
Sport, Leisure and Recreations Operations - Recreation centre operations	18	
Sport, Leisure and Recreations Operations - Sports facilities operations	18	
Sport, Leisure and Recreation Maintenance - Sports facilities booking	18	
Materials re-use	18	R
Recycling contract	18	R
Water reservoirs	18	2008
Sewer Treatment plants	18	2008
Sewer pump stations	18	2008
Water pump stations	18	2008
Water mains	18	2008
Water Treatment plants	18	2008
Sewerage administration	18	2008

Products	Audit Risk Rating	Last Audit Activity R = Risk Mgmt A = Advisory
Community Buildings Maintenance - Vandalism maintenance	24	
Natural resources planning - Natural Assets planning and management	24	
Environmental Planning - Estuary management planning	24	
Advice on traffic generating developments and strategic planning projects	27	
Local Traffic committee	27	
Community Education - Community and Environmental Education	27	
Community & Cultural Planning - Social planning	27	
Community & Cultural Planning - Demographics and community statistics	27	
Community Education - CARES	27	
Communications - Community information and marketing	27	
Communications - Printing Services	27	
Grants and subsidies Outgoing	27	2009
Councillor support	27	A
Rates management	27	2005
HR Operations	27	A
Compliance	27	
Internal audit - assurance	27	2009
Training on legal issues	27	
Internal audit - education	27	2009
Risk system management	27	A
Speech Pathology	27	
Carpark maintenance	27	
Street lighting	27	
Street furnishings and landscaping maintenance	27	
Bus shelter maintenance	27	
Sport, Leisure and Recreations Operations - Sports and recreation participation	27	
Sport, Leisure and Recreation Operations - Boat ramps	27	
Litter collection	27	
Waste education	27	

Products	**Audit Risk Rating**	**Last Audit Activity** R = Risk Mgmt A = Advisory
Water administration	27	2008

Schedule 4 Audit Scopes

The following audit scopes have been developed to assist with an understanding of the focus of the proposed audits. In all instances it will not be possible to cover all matters identified in the scopes as each audit needs to the undertaken within the approved budget to ensure that there is an appropriate breadth of coverage across the organisation. The audits also need to be completed within an acceptable timeframe. The scopes as drafted should thus be considered in light of this.

As noted previously a realistic Terms of Reference will be agreed with management prior to the commencement of audit work to ensure that the audit is properly focussed from a risk and add value perspective.

If it is determined that the original budget is not sufficient by a significant degree (+5 days) then the extent of work to be undertaken will the discussed with the General Manager and Governance Committee to determine a way forward eg amend budget, outsource, defer other audits.

1. Cash handling and other receipts

A review will be undertaken of all arrangements across Council where funds are handled by staff or others involved in Council's operations. It will extend to all forms of receipts including cash, cheques, credit card, on-line transactions and direct debits.

2. Corporate information

Information assets include documents, emails, web content, business data, images, video and other content in both physical and digital form. Council utilises a range of information management systems that capture, manage and store physical and digital information. The key broader council systems include TRIM, network folders, email and intranet. Specific information systems are in place to capture specialised data such as Pathways for property information, CRM for service requests and Matman for certain asset information.

Effective information management is required in the areas of classification, storage, search, use and exchange of information. Maintaining appropriate confidentiality and security, legislative compliance and the information culture are also key elements to be managed.

The review will consider using a risk based approach the following key aspects of corporate information including:

- Utilisation of TRIM
- TRIM content and protocols
- Security of information/confidentiality/privacy
- Email management
- Network data management
- Website
- The information management "culture"
- Hardcopy records
- Aconex system (for M2M project)
- Information strategies
- Meta data (ownership and protocols)
- Archiving
- Business continuity/disaster recovery
- Legislative compliance
- Opportunities for efficiencies/improved workflows

The review will incorporate any self audit activities undertaken at an operational level including the State Records self audit process.

The review will also incorporate an examination of IT security. This aspect of the review will cover security factors including:

- Security policy
- Assigning new log ons
- Resetting passwords
- Access level changes
- Security breaches
- Back up
- Development of new reports
- Changes to standard reports
- Access to data for integration with other applications
- Help desk
- Web site integration
- Third party access to system eg contractors, residents,
- Email policy and use
- Staff remote access – phones, home, field devices
- Privacy and legal issues
- Risk management processes

The review will cover both locally controlled security exposures as well as those controlled through Capgemini in respect of Councils Online applications. The review will be undertaken in conjunction with Information Management Unit and with the assistance of an IT audit adviser. Funding for the IT audit adviser will need to be included in the 2011/12 budget – expected to be in the vicinity of $24k (160 hours @ $150/hour).

3. Developer contributions including VPAs, works in kind and conditions of consent

Voluntary planning agreements, works in kind and special conditions of consent are particularly significant for larger scale developments that have longer time frames, are likely to be developed in stages, and in situations where the developer has a key interest in delivering public infrastructure. This review will focus on the significant negotiated arrangements established in relation to higher value development applications where these are a prominent features. The review will consider using a risk based approach the following key aspects including:

- Authority
- Value for money
- Negotiation processes
- Legal arrangements
- Probity
- Time to finalise
- Dispute resolution

4. Emergency preparedness

There are a number of emergency related events which Council needs to be prepare itself and the community for. These include:

- Flooding
- Bushfire
- Wind storms
- Service disruption
- Civic Centre fire

This review will consider the extent of preparedness of Council to manage such events covering matters including:

- Planning
- Emergency/crisis management
- Business continuity plan
- Risk management

- Resourcing including funding
- Staff awareness/understanding
- Interaction with other agencies
- Recommendations/learnings from reviews of other organisations

5. Environmental management

Council in making significant progress in bringing environmental sustainability into its key decision making processes. It has also significantly strengthened its environmental management processes in operational areas and is in the process of implementing an Environmental Management System.

This review will consider the effectiveness of the processes being established within Council in light of:

- Council's longer term strategic vision for the environment
- Key sustainability principles
- Better practice environmental management processes as espoused in DECCW guidelines and ISO 14001

Specific consideration will also be given to:

- Environmental compliance within operational Service Units
- Environmental assurance role within the Environment and Natural Resources Unit
- Management of waste from work-sites

The review will also revisit the recommendations of the Adams Training & Consulting and Aurecon reports issued in 2009 to ensure that the more significant recommendations have been properly addressed.

6. Financial management review

This review is being undertaken at the specific request of the Director Corporate Services. Over recent years there has been an on-going level of improvement in the quality of financial management processes within Council. Further significant changes were put into effect from 1 July 2010. It is now possible to consider the effectiveness of those processes across the organisation.

The review will consider using a risk based approach the following key aspects including:

- Budget compilation
- Capital project costs estimation

- Service/product pricing
- Overhead costs and allocations
- Budget phasing
- Financial management by operational areas
- Budget systems including PowerBudget and financial planning spreadsheets
- Long term financial planning
- Other integrated planning linkages – asset management, human resources, Shire Strategic Vision
- Financial performance reporting to management
- Strategic Finance Committee
- Financial performance reporting to Council

Intrinsically linked to financial management is the cost of staff. Council employs around 1350 staff with a total payroll cost in excess of $84m pa. The recent organisational restructure and recruitment of new staff has impacted the control environment across Council. Key payroll staff have however largely remained in place through the restructure.

This aspect of the review is expected to predominantly focus on the following processes:

- Approval of rates of pay variations
- Overtime levels covering
    - Management processes
    - Authorisation
    - Value for money
    - Allocation within Units
    - Entrenched practices
    - Areas of high usage
    - Overall trends
- Leave management
- Costing of labour to works orders and projects
- Unallocated payroll costs
- Roll out of on line processing of timesheets
- Payroll costs reporting
- Accounting policies

7. Floodplain management

One of the more significant shorter term impacts of climate change is flooding arising from the increased severity of storms. Flooding problems have also been exacerbated by drainage infrastructure being unable to adequately cope with increased development. Critical to minimising the impact of flooding is to have in place effective floodplain risk management plans.

This review will consider the matters relating to floodplain management including:

- Status of floodplain risk management plans
- Stormwater management
- Funding
- Legal exposure management

8. Fraud and corruption risk assessment

The objective of the Fraud and Corruption Risk Assessment is to broadly identify, analyse and evaluate fraud and corruption risks across all business operations and assist management in conducting a detailed risk assessment for their operational areas. The review will also assist management in making representations to the external auditors as required under Auditing Standard ASA 240 "The Auditor's Responsibility to Consider Fraud in the Audit of a Financial Report".

This process will follow the similar assessment undertaken in 2009 where Internal Audit assessed operational areas across Council in following fraud and corruption risk categories:

- Planning and development
- Procurement
- Regulation and compliance
- Human resource management
- Cash handling
- Confidential information
- Undue influence
- Desirable items
- Fees and charges
- Financial management
- Information management and technology
- Governance/Administration Other
- Property

That review identified the top operational areas of **inherent risk** as:

- Councillors
- General Manager
- Senior Management
- Planning and Assessment
- Business Development
- Contracts
- Waste management
- Regulation & compliance
- Technology
- Financial management
- Payroll
- Fleet

- Legal
- Property

This risk assessment will build upon the process previously conducted and provide to Service Unit Managers an improved means of understanding and self assessing their exposures to fraud and corruption risks. It will be particularly relevant to managers in new roles within the organisation.

The review will also consider the currency of the following key documents:

- Fraud and Corruption Control Policy
- Fraud and Corruption Prevention Strategy
- Fraud and Corruption Prevention Plan

9. *Human Resources Strategy*

There have been a number of significant human resources strategies which have been undertaken by Council over the past five years. These are now being consolidated and taken forward under the umbrella of the Human Resources Unit.

This review will consider the effectiveness of the strategies, processes and specific projects being managed through the Unit including:

- Policies
- Reporting
- Flexible work practices
- Recruitment and appointment practices
- Inductions and exits
- Staff complaint management
- Industrial relations
- Performance appraisals
- Ageing workforce
- Leave management
- Trainees and apprentices
- Learning and development

The review will also consider the effectiveness of the corporate system of measures and reporting which are being developed through the Integrated Planning Unit.

10. *IT strategy*

Council has now commenced a review of its IT strategy in light of the expiring of the contract with Capgemini in 2013 and the exit from the Councils Online syndicate by two of the four other councils. The development of the strategy is further complicated by the formation of the Water Corporation.

Internal Audit will maintain a watching brief over the strategy development to provide added assurance that appropriate processes are in place to address the major risks and issues which may arise.

11. *Major projects*

The management restructure recognises the significance of major projects by ensuring that they receive the right level of focus, resourcing and monitoring by having a direct line of report to the General Manager. From a risk perspective they will often have a high level of exposure whether it be financial, reputation, conflict of Council's roles, fit for purpose or environmental or a combination thereof.

The current major projects which are likely to be active in 2011-12 include:

- Mardi to Mangrove Pipeline
- Warnervale Town Centre
- Westfield development
- Performing Arts and Cultural Centre
- Incubator
- Mariners
- Estuary Management Plan
- Commercial/residential development partnerships - eg Warnervale, Wyong, Toukley – trigger site development

Internal Audit will review the key aspects of these projects from a risk and project management perspective with a view to providing added assurance that the desired outcomes of the projects will be achieved. This will largely involve working in collaboration with the Executive sponsor and project management. Some specific assurance type work may also be involved depending on the needs and risks associated with the project and requirements of the sponsor or General Manager. Key matters to be considered using a risk based approach include:

- Funding
- Value for money
- Conflicts of interest
- Legal arrangements and compliance
- Negotiation processes
- Project management
- Risk management
- Records management

The review will by its nature cover the activities of both the Major Projects Unit and Economic and Property Development Unit.

12. ponsorship Arrangements

Council supports a number of local organisations with direct funding, loans or other forms of sponsorship or subsidy. Various agreements have been put into place to facilitate the management of these arrangements.   This review will consider processes around the more significant of these arrangements considering matters including:

- Value for money
- Legal arrangements
- Compliance with agreements
- Management of conflicts of interest

13. Plant and fleet

Plant and fleet services are provided to all Council Units through the Plant and Fleet and Depot Unit. The Unit supplies and coordinates of a range of internal and external heavy plant, vehicles, equipment, skilled machine operators, casual labour and quarry-based construction materials. Each of Council's operational Service Units hire or purchase these services/materials in order to complete their activities to meet Councils overall social, economic and environmental objectives.

The estimated replacement cost of the Council owned fleet is in excess of $30m, with an average retained lifespan of around 4 years. The average annual capital expenditure budget required to maintain the current fleet is over $8.0m.

The Unit includes four inter-related areas including Plant Pool, Small Plant, Mobile Plant and Workshop and Administration.

The main categories of vehicles in the fleet are:

- Heavy plant eg excavators, graders, backhoes, rollers
- Trucks eg prime movers, bogey trucks
- Light vehicles including employee packaged vehicles
- Small plant items eg mowers, brush cutters, trailers, quad bikes
- Contracted operators and equipment

Review of this area will consider, using a risk based approach, aspects including:

- Cost competitiveness of the operations/value for money
- Utilisation rates by operational areas
- Expense management
- Plant suitability
- Small plant

- Workshop productivity
- Working relationships with operational areas
- OHS
- Internal charging processes
- Management systems integrity and reporting
- Acquisition processes including replacement program and purchasing
- Disposal processes
- Staff motor vehicle fleet

14. *Procurement*

Council has had a high level procurement review undertaken by Deloitte in 2010. Internal Audit has provided input into the scope of the review and provided assistance in the gap analysis process which was undertaken. A number of recommendations which arose from that review will need to be implemented through 2011.

It is expected that more detailed end to end procurement process review will also be undertaken at an operational level to further extend the initial review. Internal Audit will provide advice and assistance through these processes in areas including:

- Risk management processes are effectively in place at the various phases of the procurement process
- Internal controls are understood, appropriately in place and effective
- Identification of opportunities for cost savings, improved procurement strategies and quality improvements
- Policy and procedure changes

Internal Audit will also undertake more detailed transactional reviews in the areas of purchase cards, supply and accounts payable.

Purchase **cards**

A review of purchase card transactions will be undertaken to ensure that procedures are being complied with. Focus will be on identifying any potential misuse of the cards and the adequacy of the management self audit processes conducted by Procurement staff.

Supply

The Supply area is responsible for several distinct functions including purchasing administration, certain supply contracts and stores. Review of this area will cover matters including:

- Inventory management processes
- Stock issue and recording

- Purchase order processing
- Supply contract arrangements
- Products (quality and fit for purpose)

Accounts payable

A sample of payment transactions will be selected for examination twice during the two period covering:

- Review of payment transactions selected on the basis of either size, nature and/or randomly.
- Test for a range of attributes including
  - ordering
  - payment
  - authorisation
  - allocation
  - supporting documentation
  - appropriateness of transaction/value for money
- Where considered appropriate further analysis will be undertaken of certain categories of transactions eg high volume/small value transactions, potential for recharging
- Internal controls over EFT transactions

Consultants and Contractors

Council was subject to a Section 430 investigation in 2010 which considered, among other things, Council's processes around the engagement of professional services contractors and consultants. In order to ensure that Council continues to be compliant with the tendering regulations and Council's own procurement policies a compliance review will be conducted in the first half of 2011 to ensure that current arrangements have been appropriately entered into and are be being managed effectively.

Contract Management

At the request of management Internal Audit will also conduct at least four contract audits through 2011-2012 to ensure that tendering and contract management processes are being undertaken in accordance with the Procurement Manual procedures.

15. Closed recommendation follow up

Internal Audit's recommendation database has accumulated over 600 individual recommendations. Recommendations are only treated as closed after Internal Audit are satisfied that management have taken appropriate actions to address the matter or the matter has become part of specific project which is controlled and reported upon separately within other performance management processes.

In order to ensure that the recommended strengthened processes have remained in place Internal Audit will conduct a review of all significant closed recommendations to ensure that appropriate processes are still effectively in place.

16. Rezonings

Rezoning of property can have significant impacts on values, either up or down. A review will be conducted of major rezoning processes which have been recently undertaken by Council and current strategies covering on a risk basis aspects including:

- Completed planning proposals
- Proposals awaiting approval
- Denied proposals
- Privately funded planning proposals
- Overall planning strategy processes
- Planning Assessment Commission approval process
- Conflict of interests/ Political donations

17. RTA Drives

This audit is a specific requirement of the RTA to ensure that Council is complying with the terms and conditions of its access agreement.

18. Service Delivery Review Assurance

A key expected outcome of the Service Delivery Review is that services will be delivered better by the organisation, both internally and externally. Internal Audit will review the effectiveness of the key organisational changes and service delivery processes to ensure that the objective of providing improved to service to key stakeholders is achieved. The areas of focus will be determined in consultation with the General Manager but are likely to centre on the key challenges identified in the review:

- Asset Management
- Corporate Integrated Planning
- Commercial and Economic
- Major Projects
- Continuous Improvement

- Legal and Risk
- IT Planning and Support
- Financial Management
- Community Information Engagement and Communications Co-location
- Management Layers/Decision Making
- Size of Shire Services
- Policy Coordination

The review will consider the above in light of the key success criteria of successfully implemented service delivery reviews/performance improvement programs including:

- Clear overriding objectives
- Scope (an organisation wide scope with no sacred cows)
- Goal (fundamental change – not incremental)
- Focus (operating and capital expenditure)
- Timing (tight timeframes – using the 80/20 rule to identify opportunities)
- Process (tackle improvement initiatives in a series of do-able waves)
- Tools (combination of strategic, operational and technology analysis)
- Involvement (bring employees along – establish buy-in)
- Leadership (General Manager/Mayor/Councillor driven)

19. Waste management - Active landfill

The waste management operations represent a major component of Council's activities. The operations cover functions including solid waste and recycling collection, operation of the Buttonderry waste management facility, rehabilitation of closed landfills and illegal dumping. Regional issues are also impacting on this area given limitations on Gosford's waste management facilities and the creation of a regional kerbside collection contract. Strong controls also need to be in place to ensure environmental compliance and prevent fraud and corruption.

A number of key risks exist which are specific to the Buttonderry facility including:

- Regional collection contract
- Legislative compliance especially on waste classification and contamination management
- Tipping fee avoidance/minimisation
- Contract management including changeover and penalties
- Long term waste facility strategic planning

Review of this area will consider the management of the above risks. It will also cover a range of transactional activities including

- Fee charging and collection at the weighbridge
- Receipting procedures for cash

- Classification of waste
- Internal charging
- Special contracts – eg recycling and methane gas

The review will also consider the management of recyclable materials emanating from Council projects whether they be processed at Buttonderry or other sites eg Halekulani or Toukley.

Other Audit Activities

1. Enterprise Risk Management

The creation of the Legal and Risk Unit recognises the importance of having effective enterprise risk management processes in place across the organisation. The enterprise risk management activities currently revolve around:

- Corporate risks

- Operational risks included in operational plans

- Project specific risks

These processes have gradually evolved within Council over the past six years from a historical insurance approach. Compared to many other Councils we are reasonably advanced. Compared to better practice there is still however a way to go.

Strategically it is important that:

- an enterprise-wide risk management framework is developed, in line with ISO 31000:2009. ie a framework of policies, procedures, management information reporting and an integrated system that pulls together, risk management, legislative compliance and governance for the whole organisation

- there is a formal designation of an enterprise risk management owner, and more importantly

- risk management thinking is embedded into every day operational and strategic thinking at all levels of the organisation

A project has been established for the implementation of an Enterprise Risk Management strategy. The project sponsor is the General Manager and the project will be managed by the Internal Auditor. It is planned that the project will formally commence in July 2011. External advisors in enterprise risk management will be engaged to help facilitate the implementation of the strategy in order to maximise the longer term benefits to Council. Funding for the external advisors will be required in the 2011/12 and 2012/13 budgets. A budget of up to $200k expected to be required if the process is to be undertaken successfully.

The key activities of the project will include:

- Development of an enterprise risk management framework in line with ISO 31000:2009

- Engagement with a wide range of stakeholders including management and staff, Councillors, neighbouring councils , regional bodies and the community

- Education of Councillors and staff in risk management practices

- Risk management workshops with staff and councillors

- Implementation of corporate risk management software integrated with other performance management and audit applications

- Development of an effective risk reporting process for priority risks at a Service Unit, Department, Senior Executive and Councillor level

- Development of a continuous improvement process for risk management

There is a reasonably solid foundation for enterprise risk management to build from. The ERM project will ensure that Council can move towards a better practice and sustainable level of risk management and provide better strategic outcomes for Council and the community.

2. Audit Software Implementation

Audit software tools such as ACL or Idea are yet to be effectively utilised by Internal Audit. Time has been allocated to establish the use of one of these or similar tools into higher volume transaction based audits such as payroll and procurement. Funding of $6k will be required in the 2011/12 budget to cover the cost of a licence and initial training for this tool.

3. *Legal and Risk Advisory Activities*

The combined knowledge and resources within the Legal and Risk Unit provides a significant capacity to deliver good professional advice to a wide range of areas across Council. It is a very valuable resource which needs to be effectively utilised by the organisation. Legal and Risk should be seen to be a go to area for advice around its key areas of capabilities including legal, statutory compliance, internal control, process efficiency, continuous improvement, enterprise risk management, insurance, fraud and corruption prevention, probity, complaints management, investigations, information, privacy, systems development, and better practice processes.

Legal and Risk staff through their wide organisational knowledge can also play a vital role in bringing required stakeholders together on projects and issues. The external network that has also been established by the Legal and Risk professionals within the local government sector, government agencies and wider professional reach can facilitate better practice processes and resources becoming available to other parts of Council.

Early in a process is often where advice and recommendations can add most value. Recommendations arising from an assurance review may be too late to add real value. Informal and formal upfront advice on key strategic and operational areas is thus facilitated by the audit plan by providing permission for this to occur on a timely basis through a reasonable level of planned time being allocated to advisory activities.

The Internal Audit Plan reflects that Internal Audit will proactively undertake an advisory role as part of its normal function. Specific areas where this is expected to occur include:

- Internal control
- Best value reviews
- Policy and procedure setting
- Continuous improvement
- Fraud and corruption
- Probity advice
- Self assessment tools
- Other assurance/monitoring roles
- Better practice processes

4. Education Activities

An effective means by which where Legal and Risk can proactively contribute to the knowledge of Council is through education. By imparting their knowledge to staff on their areas of expertise will strengthen capabilities across the organisation. Education is an extremely effective risk mitigation and prevention tool as it helps better decisions to be made at an operational level. There is also an increased level of understanding of better practice processes and increased compliance with Council's policies and procedures and specific legal and legislative requirements.

Specific education activities where Internal Audit plans to be involved include:

- Fraud and corruption prevention
- Risk management
- Internal controls
- Self assessment
- Systems and control documentation
- Auditing processes in other assurance roles

Development of training programs will be undertaken by the Legal and Risk Unit in conjunction with relevant operational personnel.

5. Governance Committee

Reporting to the Governance Committee in an important element of Internal Audit's role as the functional reporting line is an essential element in achieving the independence of the Internal Audit function. It is therefore important that reporting to the Governance Committee is undertaken in an effective and complete manner. Interaction with the Committee includes:

- Formal quarterly report to the Committee outlining:
  - Key undertaken activities in the quarter
  - Major issues for consideration by the Committee
  - Progress against the audit plan
  - Updates on open audit recommendations
  - Responses to specific action items arising from previous meetings
  - Priority risks (until the ERM strategy is fully implemented)
- Consideration of the Internal Audit plan (annually and strategically)
- Input to the performance evaluation of the Internal Auditor
- Mid quarter telecon with Mayor, General Manager and independents to provide update on key items
- In-camera meeting with independents, External Auditor, Internal Ombudsman and Internal Auditor

In the September 2011 quarter an evaluation of the Governance Committee performance will be undertaken. Internal Audit will assist with the administration of the evaluation process.

6. Audit Follow Up

An important aspect of the audit process is that of follow up of previous recommendations. There is strong commitment from the General Manager and Directors for action to be taken on the agreed audit recommendations. As well, the Governance Committee continues to send a clear message on the importance of this aspect of the audit process. Use of SharePoint system greatly facilitates this process.

Recommendations which have not been actioned as agreed with management will be escalated through the General Manager and Governance Committee as appropriate. All open extreme and high risk rated recommendations will be reported to the Governance Committee each quarter.

7. Management Meetings

Management meetings include attendance at management forums, scheduled discussions with the General Manager, Directors and Legal and Risk Unit members and organisational functions such as Big Picture.

It is important that Internal Audit actively participates at a management level in order to proactively contribute to management processes and to facilitate keeping informed of activities across the organisation. While the Internal Auditor reports administratively to the Legal Counsel as Service Unit Manager for Legal and Risk, the Internal Audit Manager also has a direct line of report to the General Manager on key matters arising from the Internal Audit function. This includes discussions around Internal Audit reports and specific matters which may be referred to Internal Audit by the General Manager.

8. Professional Outreach

Internal Audit staff are proactively involved in the audit profession at several levels including through the Institute of Internal Auditors (IIA), the Local Government Internal Audit Network (LGIAN) and the Institute of Chartered Accountants of Australia (ICAA). Good contacts have also been established within the Local Government Managers Association and the regional risk and environmental management groups. This presence has enabled a strong network of professional contacts to be developed and has helped to establish Wyong being seen as a leader in good governance processes within the local government sector. Wyong audit staff have contributed to several sector wide initiatives which have helped strengthen to governance framework within council and the wider local government sector.

Apart from the reputation benefit, the other key payback from this professional outreach is awareness of better practice processes and providers and the transfer of that knowledge to Council.

The plan allows for continuation of this participation. It is noted that activities around the IIA and ICAA will largely be undertaken out of normal hours and this time has not been included in the plan.

9. Audit planning and performance measurement

Audit planning and performance management are important aspects of the audit process. The planning process undertaken as explained previously in this document involves an extensive risk analysis of the organisation and liaison with various stakeholders. The process also includes quarterly revisions of the plan based actual times. A full planning process will be undertaken in the second half of each year in order to develop an updated two year plan for consideration by Executive Management and the Governance Committee.

A key part of the ensuring that an effective Internal Audit function is in place is to have an informative performance management process in place. The performance measures applied to the Internal Audit function are as follows:

Partnering with the Governance Committee
- Overall Governance Committee members' satisfaction rating (survey)
- Percentage completion of approved audit plan (actual measure)
- Proportion of audits completed within 12 weeks (actual measure)

- Follow up of previous recommendations (actual measure)

Support of General Manager and Senior Management
- Client satisfaction on completed audits (survey)
- Client satisfaction on other support activities – advice, fraud and corruption prevention, policies and procedures input (survey)

Managing People and Development
- Utilisation of audit resources on primary audit functions (actual measure)

Managing Internal Processes
- Extent of compliance with Institute of Internal Auditors standards (checklist)

Professional Outreach
- High level interactions outside of Council (anecdotal feedback)

Various tools are used to measure performance in these areas including client feedback surveys via SharePoint and detailed time records on each audit activity. While there is a reasonable level of administration around obtaining these measures they provide useful information to Internal Audit, management and the Governance Committee as regards the performance of the function. Performance reports against these measures will be provided to the Governance Committee and the General Manager and Legal Counsel on a quarterly basis.

10. Contingency

The plan includes a contingency of 13% of available time which is the equivalent of just over five weeks per annum per audit staff member.   This contingency provides reasonable allowance for impacts such as:

- Extension of audit scopes to address higher risk matters
- Undertaking of special requests from General Manager/Directors/Governance Committee
- Provision of support to other areas of the Legal and Risk Unit
- Unplanned absences

Focus will be on the completion of the planned audits in accordance with a schedule pre-agreed with management. It is important that actual times do not substantially exceed the planned levels unless there is good reason to do so. Where a significant over-run is expected to occur there will be proactive discussion with the General Manager and Governance Committee. Time expended in more discretionary areas such as advice, education or professional outreach should generally not exceed budgeted times.

The contingency does not include any additional time worked by the Internal Audit staff which averages in excess of 10% of normal hours.

11. Training

Internal Audit staff are required to be involved with various internal training requirements. This item also allows time for attendance at one professional conference per annum for each of the audit staff.

12. Administration

Administration covers a range of internal activities including performance appraisals, records management, time recording, staff functions, equipment servicing, fire drills, records management, relocations etc.