



**Shelley Hancock**  
Minister for Local Government

## **MEDIA RELEASE**

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### **MANDATORY RISK MANAGEMENT A STEP CLOSER FOR NSW COUNCILS**

Communities across the state can now have their say on new draft guidelines for local councils, aimed at protecting ratepayers and improving service delivery.

Minister for Local Government Shelley Hancock said the draft *Guidelines for Risk Management and Internal Audit for Local Councils in NSW* provides the strongest framework in Australia for minimising financial risk, and preventing fraud and corruption in the sector.

“The state’s 128 local councils would be required to establish a risk management framework and internal audit function to help improve overall organisation performance and operations,” Mrs Hancock said.

“Under the reforms, every council in NSW will be required to appoint and operate an Audit, Risk and Improvement Committee made up of independent experts by June 2022 to ensure continuous improvement in governance and financial management, as well as accountability and transparency to local communities.

“These measures will help councils make better decisions and use of their resources, and improve the delivery of infrastructure, facilities and services communities need and expect.”

Mrs Hancock said the draft guidelines include a tiered model for Audit, Risk and Improvement Committees to reflect the different needs of metropolitan, regional and rural councils according to resourcing, risk profile, population and location.

“The framework is based on the worldwide ‘three lines of defence’ model where independent experts provide advice, management takes action to properly manage risk, and staff work every day to identify and address risks,” Mrs Hancock said.

“Seventy per cent of NSW councils already conduct some form of risk management and 103 councils have an internal audit function.

“These guidelines will ensure consistency across the state in accordance with international standards and NSW Government practice, tailored to the unique structure and needs of local government.”

Councils, members of existing Audit, Risk and Improvement Committees and internal audit practitioners are invited to make a submission on the draft guidelines, which were developed following extensive consultation with the local government sector, government agencies and other experts.

The draft *Guidelines for Risk Management and Internal Audit for Local Councils in NSW* and information on how to make a submission can be found on the Office of Local Government website.

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