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# Appendix three – About the audit

## Audit objective

This audit assessed the effectiveness of two councils' approaches to business and service continuity arrangements for natural disasters.

## Audit criteria

We addressed the audit objective by the following audit criteria:

1. **Business and service continuity planning:** Do the councils have effective approaches to planning for disaster-related risks to business and service continuity?
  - a) The councils have documented approaches (e.g. plans, policies procedures) for identifying, mitigating and responding to disaster-related risks to business and service continuity, including but not limited to:
    - identification of risks and business impacts
    - identification of essential services
    - proactive mitigation strategies and risk controls
    - specification of roles and responsibilities
    - links with other agencies
    - communication protocols.
  - b) The councils provide relevant training to staff to ensure they are aware of the council's business and service continuity approach under various scenarios.
  - c) The councils have mechanisms in place for regular and post-review and update of business and service continuity approaches.
2. **Preparation:** Did the councils effectively implement strategies to prepare for identified disaster-related risks to business and service continuity?
  - a) Between January 2018 and December 2020, the councils took actions to prepare for natural disaster impacts, including but not limited to:
    - implementation of identified proactive risk controls (preventative, detective and corrective)
    - bushfire and flood mitigation projects
    - activities to increase the resilience of council infrastructure required for service delivery.
3. **Response during disaster events:** Were the councils' responses during selected disasters effective in management business and service continuity?

During the 2019–20 bushfires and 2020 storms and floods:

  - a) The councils took appropriate actions to manage business and service continuity, including but not limited to:
    - decision to activate business and service continuity arrangements
    - steps taken to ensure service continuity or restoration
    - communications to staff about emerging situations and clarification of roles and responsibilities.
  - b) The councils effectively updated residents on service changes and issues.
  - c) The councils' residents experienced minimal disruption to essential services.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. essential business as usual council-led services
2. preparation and risk mitigation activities related to identified natural disaster related risks
3. responses during disaster events in the period of January 2019 to December 2020.

## Audit exclusions

The audit did not assess:

- emergency management coordination and response by State agencies or councils
- long-term recovery projects (such as reconstruction of physical infrastructure and restoration of social, economic and physical wellbeing)
- non-essential council-led services, such as library and cultural services, or capital works
- the merits of government policy objectives.

## Audit approach

Our procedures included:

1. Interviewing relevant council staff with accountability for:
  - risk identification and assessment
  - business and service continuity planning and implementation
  - essential service delivery
  - implementation of proactive risk controls and preparation strategies
  - internal, stakeholder and community communications
  - stakeholders.
2. Examining documents relating to:
  - business and service continuity planning and implementation
  - risk identification, business impact and service prioritisation
  - business and service resilience assessment and planning
  - communication strategies relating to staff, partnership agencies and residents
  - staff training related to business and service continuity
  - progress of mitigation and preparation activities
  - post-disaster reviews and reports
  - relevant data relating to risks, service delivery and complaints.
3. Consulting with and considering information from other sources and stakeholders.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

## Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

## **Acknowledgements**

We gratefully acknowledge the co-operation and assistance provided by the audited councils. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

## **Audit cost**

Including staff costs, travel and overheads, the estimated cost of the audit is \$540,000.