

Section 8

Governance

Chief Executive

The Chief Executive of Roads and Maritime is appointed by the Secretary, Transport for NSW with the approval of the Minister for Roads and Freight. Under the governance arrangements of the *Transport Administration Act 1988*, the Chief Executive manages and controls the affairs of Roads and Maritime, subject to the control and direction of the Minister for Roads and Freight, and in accordance with any direction of Transport for NSW. The Chief Executive also has a wider role in interacting with heads of other transport agencies in NSW, across Australia and internationally. The Chief Executive is accountable to the Minister for Roads and Freight for overall agency performance.

Executive framework

The Roads and Maritime executive charter, executive committee structure and committee management system were reviewed and revised during the year to ensure high levels of governance and accountability.

The executive management committee focuses on the management of the organisation in the context of business and strategic priorities for the current period. The committee also monitors current performance, particularly any issues or risks that could affect the current delivery of results and services.

The management of Roads and Maritime is also supported by a range of executive committees that monitor key organisation priorities, such as finance, human resources, Work Health and Safety and the environment. These committees typically include Directors and other senior managers from across the organisation to ensure an integrated, whole-of-agency approach.

Audit and Risk Committee

The Audit and Risk Committee is an integral component of Roads and Maritime's governance arrangements. Its responsibilities include review and oversight of the following areas for Roads and Maritime and its controlled entities:

- Internal controls.
- Risk management.
- Corruption and fraud prevention.
- External accountability (including the financial statements).
- Applicable laws and regulations.
- Internal audit.
- External audit.

Risk management

The Chief Executive is accountable for ensuring the strategic management of risk across Roads and Maritime and is supported in this role by the Roads and Maritime Audit and Risk Committee and Chief Audit and Risk Officer.

Roads and Maritime's Directors are responsible for managing operating risks and for maintaining oversight of project risks within their areas of responsibility. All Directors are required to report weekly to the Executive Operations Meeting on emerging issues.

The Chief Audit and Risk Officer also oversees the management and development of the enterprise-wide risk system, which is designed to ensure a common approach to risk decision making across our business.

The Chief Audit and Risk Officer provides regular reports on risk management to the Chief Executive, the Roads and Maritime Executive team, and the Audit and Risk Committee. These reports are informed by the risk assessment program delivered by a central risk services team and by the results of internal audit projects.

Internal audit

Internal audits are used to provide independent assurance to the Chief Executive and Directors over the controls in place to manage priority risk areas.

Audits are prioritised on the basis of risk and the control environment in place to address those risks. The Annual Audit Plan is endorsed by the Audit and Risk Committee and aligns with our strategic priorities.

Key audits completed during 2013–14 included:

- Corporate online banking.
- Attendance and leave management.
- Cloud computing.
- Bus Operators Accreditation Scheme.
- School crossing supervisors administration.
- Management of skid resistance on Roads and Maritime's Roads.
- Driver and vehicle administration.
- Cyclical reviews of motor registries.

All agreed actions arising from internal audit reports are monitored and their status reported to the Audit and Risk Committee.

During the year Roads and Maritime changed its internal audit service delivery model from an in-house to an outsourced model. As part of this process, Roads and Maritime has engaged three service providers to work on a range of projects in areas such as:

- Key governance and oversight arrangements.
- Critical business systems.
- Journey information.
- Internal audit quality assurance.
- Cyclical reviews of motor registries and Service NSW Centres.

Investigations

Corruption and fraud prevention

In addition to the investigation of allegations of corruption or fraud, Roads and Maritime has a corruption and fraud control framework, for which the Corruption Prevention and Investigations section has oversight. This includes a range of tools, processes and initiatives aimed at minimising the risk of corrupt or fraudulent activity by staff and business partners.

Examples of actions it carries out include:

- Delivery of corruption, fraud and ethics seminars to staff across high risk business environments.
- Corruption prevention workshops for senior management.
- Provision of anti-corruption information through the Roads and Maritime intranet and other communication channels.
- Provision of expertise and advice to staff and management on a wide range of corruption risks and ethical, probity and policy issues.
- Reporting and reviewing corruption prevention issues that arise from investigations.

Financial performance

For details of Roads and Maritime's financial performance for period 1 July 2013 to 30 June 2014, refer to the financial statements (see pages 46–145).

Internal Audit and Risk Management Attestation

Internal Audit and Risk Management Attestation for the 2013–2014 Financial Year for Roads and Maritime Services

I, Peter Duncan, am of the opinion that Roads and Maritime Services has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I, Peter Duncan, am of the opinion that the Audit and Risk Committee for Roads and Maritime Services is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Greg Fletcher, independent chair (three-year appointment from 1 November 2011).
- Mr Allan Cook, independent member (three-year appointment from 4 December 2013).
- Mr Geoff Fogarty, Director, Infrastructure Development, internal member (three-year appointment from 1 November 2011).
- Mr Alexander Smith, independent member (three-year appointment from 15 January 2012 and resigned from the committee on 18 September 2013).

I, Peter Duncan, declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entities (or subsidiaries):

- WestConnex Delivery Authority.

These processes provide a level of assurance that enables the senior management of Roads and Maritime to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.

Peter Duncan AM
Chief Executive