

Wednesday 13 March 2024

Audit Office supports Council's actions to rectify previous improper transfer of funds for Ryde Central

City of Ryde (CoR) is pleased to advise that the NSW Audit Office (AO) has finalised its examination of Council's previous improper transfer of Externally Restricted Reserves, particularly for the Ryde Central Project, and the Action Plan CoR's Executive Team implemented to rectify the financial mismanagement and its impact on Council's operations.

In August 2022, the new Chief Executive Officer Wayne Rylands was alerted by the Chief Financial Officer that \$95 million in funds from Council's Repealed Developer Contributions Plans and Other Externally Restricted Reserves was transferred to Internally Restricted Reserves. Of this, \$35.5 million had been inappropriately allocated for the Ryde Central Project. Although another \$52.5m was spent, the majority of the money was allocated towards providing infrastructure and other programs which delivered a community benefit and was not required to be returned. There was also inappropriate movement and/or use of funds (remaining balance of \$7m) in other externally restricted reserves, such as Voluntary Planning Agreements, and the Domestic Waste Reserve.

Following verification of the improper transfer of funds by forensic accountants, Nexia Australia, Mr Rylands then reported the matter to the Office of Local Government (OLG), the Independent Commission Against Corruption (ICAC) and the AO.

The OLG described the transfer of the funds as "illegal" stating: "There may have been, or may be potential for, significant waste of public money".

Council developed and then successfully progressed an Action Plan in collaboration with the OLG which resulted in all the unspent funds being returned to their correct accounts and for their intended purpose. The majority of the unspent funds was returned to the Developer Contributions Externally Restricted Reserve. A new Cash Reserves Policy for the future utilisation of Council's Restricted Reserves Funds was adopted and an external review of CoR's Voluntary Planning Agreements (VPA) was conducted to investigate the financial implications and liabilities on Council.

The AO has now cleared CoR's Financial Statements FY 22/23 providing CoR with an Unqualified Report – with no issues raised at the completion of its Audit. The AO stated: "In consideration of Council's most recent legal advice and the Crown Solicitor's advice, we support the transfers of the funds back to externally restricted reserves in 2022–23".

Mr Rylands said the AO's support vindicated Council's quick and decisive actions once the financial irregularities for the Ryde Central Project had been detected.

"This whole process has taken close to 18 months to resolve, and it has been quite taxing on all Council staff involved. In the end, we feel that our elected body, Council staff, and our local community have the confidence to know that Council's Executive Leadership Team, including our Chief Financial Officer, have disclosed all matters in an open, ethical, transparent manner and to the highest financial standards possible," Mr Rylands said.

"Unfortunately, the previous improper transfer of funds for the Ryde Central Project has directly resulted in significant financial implications for our ongoing operations and viability to perform at our current levels of services, programs and other projects across the community. Council is concerned that the implementation of the Ryde Central Project and a number of other major projects that we are committed to are of a magnitude that will have dire financial consequences, given there are currently no funds set aside in any Reserves for them to be progressed."

Mr Rylands said he also welcomed news that the Auditor-General will conduct the Audit of CoR's Financial Statements (following FY 2023/2024) using internal AO staff resources rather than a private external firm, which had failed to uncover the previous financial irregularities.

**Media Contact: City of Ryde Communications m • 0478 257 903
e • media@ryde.nsw.gov.au**