

# **Audit, Risk and Improvement Committee Annual Report 2018**



## **About the report**

This annual report documents the operation and activities of the Audit, Risk and Improvement Committee for Central Coast Council during the 2018 calendar year.

## **The Central Coast Council Audit, Risk and Improvement Committee**

Central Coast Council (Council) is committed to open and transparent governance that meets community expectations. To enhance its governance framework, Council established an Audit, Risk and Improvement Committee (ARIC).

The ARIC has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council's audit processes, internal controls, external reporting, risk management activities, compliance of and with Council's policies and procedures, and performance improvement activities.

The establishment of the ARIC via Council Resolution on 26 April 2017 places Council in an excellent position in the pursuit of good corporate governance, which in turns promotes effective and efficient delivery services to the Central Coast community with transparency, honesty and integrity.

The ARIC also assists Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

There are 3 independent members on the committee and 2 Councillor members who are nominated by Council.

All Committee member profiles are featured on pages 3 to 5 of this report.

## Central Coast Council

Central Coast Council is responsible for the sixth largest urban area in Australia. Our Council area is 1681 square kilometres, which makes us far bigger geographically than Canberra.

The most recent projected population of the Central Coast by 2036 is 415,050. That’s a 23% increase in population, of approximately 80,000 people. Planning for growth and maintaining the lifestyle that our community enjoys is important for Council.

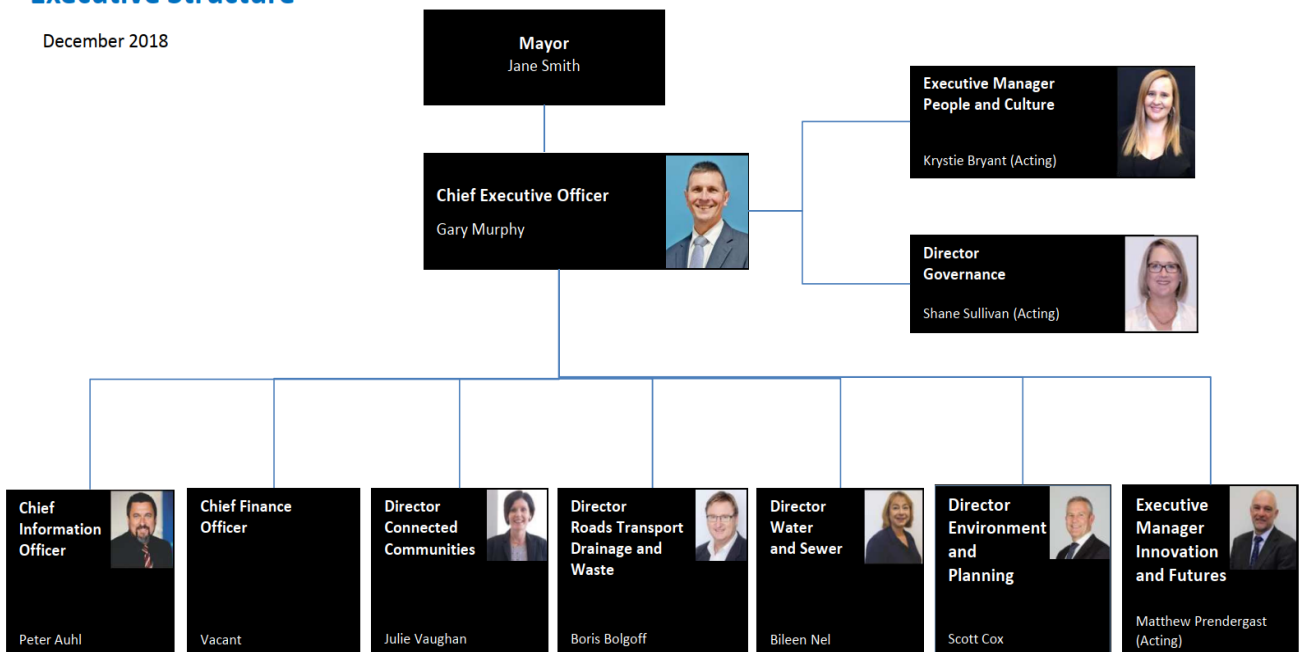
### Council Structure

Central Coast Council’s organisation structure is led by the Chief Executive Officer and made up of ten sections. They are Connected Communities, Environment and Planning, Office of the Chief Executive, Finance, Information Management and Technology, People and Culture, Governance, Innovation and Futures, Water and Sewer and Roads Transport Drainage and Waste.

Our Executive Management Team make day-to-day decisions on operational matters that comply with Council’s policies and procedures.

### Executive Structure

December 2018



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### Community Vision

We are *One Central Coast*. A smart, Green and Liveable region with a shared sense of belonging and responsibility. *One Central Coast* is the Community Strategic Plan (CSP) for the Central Coast Local Government Area. It defines the Community's vision and is our roadmap for the future.

*One Central Coast* brings together extensive community feedback to set key directions and priorities and has been built around five key themes that reflect the need and values of the people who live in our region:

**BELONGING**

**SMART**

**GREEN**

**RESPONSIBLE**

**LIVEABLE**

## **Independent Member profiles**

### **Dr Colin Gellatly (AO)**



Dr Gellatly (AO) is one of Australia's most successful public servants having served as Director General in several Government Departments, including the Premier's Department, the Industrial Relations, Employment, Training and Further Education Department and the Land and Water Conservation Department.

He has held various Board and Authority Chair and Director roles as well as being a member of many Federal and State Committees and Working Parties.

He has a Ph.D in Economics and Statistics and was awarded an AO in 2008 for services to the public sector.

### **Mr Carl Millington**



Mr Millington has over 30 years' experience in providing business consulting, auditing and accounting advice to Not-for-Profit organisations including government and community based organisations, sporting associations, NSW Local Government, business groups and employer organisations.

He is a senior partner at Pitcher Partners Sydney in the Business Advisory and Assurance Group, a member of the firm's Advisory Board, and a member of the firm's Business Consulting group.

### **Mr John Gordon**



Mr Gordon is a Chartered Accountant and Chartered Secretary with 40 years' experience providing assurance, advisory and corporate governance assistance to a broad range of clients in the private and public sectors. This includes 22 years as a senior Audit/Assurance Partner with PwC Australia. He has 35 years of continuous involvement in the Local Government, Health and not for profit (NFP) sectors.

Since 2009, Mr Gordon has served as Chair or Member on Audit & Risk Committees for 20 State, Territory, Local Government and NFP organisations including 11 NSW Local Government Councils.

## **Councillor Representatives**

### **Councillor Doug Vincent**



Budgewoi Ward

### **Councillor Louise Greenaway**



Wyong Ward

## **Alternative Councillor Representatives**

### **Councillor Lisa Matthews**



The Entrance Ward

### **Councillor Jeff Sundstrom**



Gosford East Ward

In 2018 the Central Coast Council Audit, Risk and Improvement Committee met 5 times to review internal audit reports, the internal audit program, and audited financial statements for Central Coast Council.

## **Audit Committee Performance**

### **Committee meeting dates and members' participation in 2018.**

**Tuesday 20 March 2018**

**Tuesday 19 June 2018**

**Tuesday 2 October 2018**

**Tuesday 30 November 2018**

**Tuesday 4 December 2018**

<b>Name</b>	<b>Role</b>	<b>Attended</b>
Colin Gellatly (AO)	Chair	5
Carl Millington	Independent	5
John Gordon	Independent	5
Doug Vincent	Councillor	3
Louise Greenaway	Councillor	5

## Committee Report Card

<b>Committee Charter</b>	<b>Compliance</b>
Committee Meetings	A quorum was maintained at every meeting
Composition	3 Independent members 2 Councillors
Broad range of skills and experience	A diverse committee with strong local government and commercial experience
Sufficient time allocated to tasks	The committee agenda allowed equal time to discuss all audit reviews, status of implementation of audit recommendations and the strategic internal audit plan
Risk Management	Enterprise Risk Management Framework (ERMF) reviewed. Risk register developed and currently being tested and refined.
Control Framework	Effective review of controls and policies and procedures through audit reports and high level briefings received
External Accountability	Provides input and feedback on the financial statements and considers control issues identified by the external auditors
Legislative Compliance	
Internal Audit	Review and approval of the Internal Audit Plan; review of audit findings; monitoring of implementation of Internal Audit recommendations; in-camera meeting with Internal Audit Manager.
External Audit	Review of financial statements, compliance with local government regulatory requirements and resolution of audit findings. NSW Audit Office officially invited to attend all meetings. In-camera meeting with External Auditors.
Responsibilities of Members	Members remain aware of changing regulatory requirements; receive regular briefings on Council developments; participated in conducted tour of Council district.

## **Internal Audit**

Internal Audit plays a key role in helping Council to achieve its objectives by testing how effectively controls are operating across specific systems, processes and activities in order to manage the associated risks.

Internal Audit is responsible for conducting risk base business assurance and consultancy review across Council's operations in accordance with a pre-approved work program to provide assurance to Council (via the Audit, Risk and Improvement Committee) and the Chief Executive Officer on the effectiveness of controls.

Internal Audit also provides advice, training and education on various governance, risk and compliance matters to assist business improvement.

A charter governs the internal audit function at Central Coast Council. The charter, which is reviewed every 2 years, outlines the purpose, authority and responsibility of management and the internal audit function. The Internal Auditor present their findings and recommendations to the ARIC in an audit report at each meeting. To monitor the effectiveness of the control environment, the ARIC reviews the reports and progress on implementation of recommendations.

## **External Audit**

The Committee receives an annual report from the External Auditor (Audit Office of New South Wales) on the status of our financial statements. Representatives from the Audit Office attended committee meetings as observers and advisors with regard to the external audit process.



Colin Gellatly  
ARIC Chair