



Central Coast Council

Audit, Risk and Improvement Committee  
Meeting

Held in the Committee Room  
2 Hely Street, Wyong and Online via Microsoft Teams

8 March 2023

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## MINUTES

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### **Present**

Carl Millington (Chairperson)	Independent member
Arthur Butler	Independent member
Peter McLean	Independent member
Rik Hart	Administrator

### **In Attendance**

David Farmer	Chief Executive Officer
Marissa Racomelara	Director Corporate Services
Dr Alice Howe	Director Environment and Planning
Emma Galea	Chief Financial Officer
Edward Hock	Unit Manager Governance, Risk and Legal
Krystie Bryant	Unit Manager, People and Culture
Sharon McLaren	Section Manager Corporate Planning and Reporting
Taylor Marks	Senior Advisor Policy and Projects
Rachel Gibson	Team Leader Civic Support
Chantelle Ahio	Civic Support Officer
Caroline Karakatsanis	Director, Financial Audit, Audit Office of NSW
Rochele Antolin	Audit Leader, Financial Audit, Audit Office of NSW
Penelope Corkill	Director Risk and Assurance, Centium, Internal Audit Partner

## **PROCEDURAL ITEMS**

### **1.1 Acknowledgement of Country, apologies and welcome 2:03pm**

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The Chairperson, Carl Millington, opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

It was noted that the meeting was being recorded for minute taking purposes. By attending the meeting, speakers consented to an audio record of the meeting. Recording of the proceedings of this Committee meeting are not permitted without prior approval of the Council. The meeting recording will be deleted once the meeting minutes are finalised.

Apologies received:

Jamie Loader – Director Water and Sewer  
Boris Bolgoff – Director Infrastructure Services  
Mel Smith – Director Community & Recreation Services  
Lilly Mojsin – Senior Internal Ombudsman  
Jade Maskiewicz – Assistant Internal Ombudsman

### **1.2 Disclosures of Interest**

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The Committee Members made the following additional disclosures:

Carl Millington – is an independent member of the Audit, Risk and Improvement Committee for Woollahra Council.

#### **Resolution**

*ARIC1/23 That the Committee note the standing declarations of current Committee members outlined in the table below.*

*ARIC2/23 That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*

*ARIC3/23 That the Committee make a recommendation that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**1.3 Confirmation of Minutes of Previous Meeting**

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The Chair accepted the minutes.

**Resolution**

ARIC4/23 *That the Committee confirm the minutes of the previous Meeting held on 7 December 2022*

ARIC5/23 *That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**1.4 Outstanding Action Items**

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The Chair clarified that Alice Howe attended the meeting as a member of the ELT per the previous action item.

**Action** – To have the agenda clearly state the member of ELT and the item they will address at each meeting going forward.

**Resolution**

ARIC6/23 *That the Committee note the report on Outstanding Action Items.*

ARIC7/23 *That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**1.5 Council's current status**

**2:05pm**

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The CEO, David Farmer, provided the following verbal update:

- Increased depreciation has an impact on this year's budget. Council is currently tracking well, seeing an increase in cost of replacement and renewal of infrastructure assets.
- Council is starting to look at effectiveness, service reviews and utilising consultants to look at plant and fleet service standards and effectiveness on our current systems.
- Draft Policy Framework – adopt that policy framework soon. Focusing on customer service Metrics, CX and CM working on improving our service standards in this space.
- Council is reviewing staff levels in Development Applications due to the delay in DA

timelines, the delay is due to a surge in development applications and difficulty in attracting and retaining assessment staff.

- Council has seen an increase in resources both within council and NSW Government to repair road networks and how Council can deliver a cost effective plan due to supply and demand. Managing the expectations of the community standards and timelines will be a challenge.

The following information was provided in response to questions from the committee:

- The NSW Government is aware of road repairs and timeframes and what is needed moving forward for the longevity of the roads and are providing funding for further maintenance.
- Council to adopt Policy Framework before the next ARIC meeting and updates will be provided in due course to the committee.

## **REPORTS**

### **2.1 External Audit Report 2:25pm**

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The Director, Financial Audit, NSW Audit Office, Caroline Karakatsanis provided an update to the Committee on the Financial Statement audit:

The Chair confirmed that the report was taken as read by the committee

- Still working through final financial management letter from December 7 high points, 3 closed, 2 high risk issues remain, one of those being fair value.
- Recommendation to Council that annual review of assets to be done earlier in the year to avoid end of year rush, Council to continue to work on quality and timeliness of financial reporting.
- In closing of reporting the key issues were reconciling the 2 registers.

In response to questions from the Committee, the Director, Financial Audit, NSW Audit Office, Caroline Karakatsanis provided the following information:

- Issues come from not reconciling the technical register to the fixed asset register in 2021. Now that asset have been reconciled, it is critical for Council to keep them aligned in one source for all asset classes. Also timing of reconciliation to be done earlier so feedback can be provided along the way.
- There is currently no strict revaluation schedule, the schedule will start upon engagement of external valuer.
- Caroline will include the Chair in her response to the final management letter before

June this year.

- The Annual engagement letter will be done after the final management letter and then the planning process will kick off for FY23.
- Caroline confirmed there have been changes to the Audit team, however Caroline will continue to have Central Coast Council in her portfolio.

The Committee added that the biggest issue Council faces is being adequately resources to get things done including infrastructure to road and pressure on long term budget due to inflation and cost of living. The Committee would also like Council to focus on an Audit tracker.

## **2.2 General Finance Update**

**2:57pm**

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The Chair confirmed that the report was taken as read by committee.

The Chief Financial Officer spoke to the report and provided the following information:

- Council will be forecasting a surplus for end of year after Quarter 2, Quarter 3 will show some depreciation.

In response to questions from the Committee, the following information was provided by Central Coast Council staff.

- Upskilling and working together for budgeting will provide controls for good financial management
- Council will not go back into deficit, current savings are on track to be able to pull back as of March 2023.
- Further asset sales are not being ruled out at this stage.
- Council is self-insured for WHS, therefore Council self-funds claims. Other insurances are part of a pool of other local government agencies. A detailed look into premium increases will be carried out by Council.

### **Resolution**

*ARIC8/23 That the Committee note the report on General Finance Update.*

*ARIC9/23 That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**2.3 Presentation of 2021-2022 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority**

**3:15pm**

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The Chair confirmed that the report was taken as read.

The Director, Financial Audit, NSW Audit Office, Caroline Karakatsanis Noted that it is good to have the asset valuation come to ARIC for input.

The Committee noted that they would like to see the following included in the reports:

- Would like to see 2 reports included and what has been done versus what needs to be done as a report in the agenda.
- The Committee would also like to see the assumptions in the report and the timings and dates of ARIC meetings.

**Action:** Edward Hock – Unit Manager Governance Risk and Legal to review the ARIC meeting dates and timings to align with availability of financial reports.

**Resolution**

*ARIC10/23 That ARIC note that the 2021-2022 Central Coast Council audited financial reports including the auditor's reports have been presented to the Council and subsequently lodged with the Office of Local Government.*

*ARIC11/23 That ARIC note the audited financial reports including the auditor's reports have been presented to the Council.*

**2.4 Enterprise Risk Management Report - February 2023 3:25pm**

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The Unit Manager Governance Risk and Legal spoke to the report.

In response to questions from the Committee, Edward Hock Unit Manager Governance Risk and Legal provided the following information:

- Edward Hock to look at ways to strengthen the current report to include residual risks to make it more clear.
- ELT determines the Risk Appetite of Council, there are different levels of risk, it has previously been reviewed twice but will be formalised as an annual review.

**Resolution**

*ARIC12/23 That the Committee note the report on Enterprise Risk Management Report – March 2023.*

*ARIC13/23 That the Committee recommend that this report is not made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it*

*contains matters affecting the security of Council, Council Officials and Council property.*

**2.5 Enterprise Risk Management function review 3:32pm**

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The Unit Manager Governance Risk and Legal provided a verbal update.

- Function review to include objective for risk ratings and to pull out high rated risks within and without risk appetite.

The Chair provided suggestions to risk model and the 3 lines and thinks it will be beneficial to add a positive to the risk.

Council staff provided the following information in regards to questions from the Committee.

- Moving forward Council is focusing on integrating areas, business improvement strategies and engagement for ELT to work cohesively, integrating "One Way" system.
- Council's journey of risk management is doing quite well, the next piece is analysis, currently there is nothing going into action and strategy and that will be the next piece for Council. Work has commenced and work has been done and ELT are in discussion.
- Intend to bring paper back to June meeting and clarify what risk function internally will be.

**2.6 Internal Audit Final Reports 3:48pm**

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Penelope Corkill Director Risk and Assurance, Centium, Internal Audit Partner spoke to the report.

- Draft Compliance Management report currently sitting with Edward Hock for the final management response.
- Privacy Management audit underway, which should come back in June.

The Committee noted the following in regards to the report:

- The overdue items tend to get lost in report, it would be useful to identify these going forward.
- Congratulations to Management and staff on this report and the progress it has made.

**Resolution**

*ARIC14/23 That the Committee note the report by Centium Insurer Claims Management Audit.*

*ARIC15/23 That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

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**2.7            Agreed Management Actions Tracker            3:57pm**

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The Chair confirmed that report was taken as read.

The Director of Corporate Services provided the following information:

- Audit has been finalised and overdue items should be closed off, currently there are no items outstanding.
- Manager in Plant and Fleet working through national vehicle accreditation and audit matters.

**Resolution**

*ARIC16/23 That the Committee note the report on Agreed Management Action Tracker.*

*ARIC17/23 That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

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**2.8            Governance Lighthouse Report as at 31 December 2022            3:59pm**

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The Chair confirmed that the Report was taken as read.

The Unit Manager Governance Risk and Legal provided the following update.

- There is a change to basic comment, qualitative comment changes to a prompt for people to be able to analyze and have the data be more meaningful.



**Action** - The report to be updated to include further qualitative comment "what are you going to do about it?"

**Resolution**

*ARIC18/23 That the Committee note the Governance Lighthouse report as at 31 December 2022.*

*ARIC19/23 That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

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**2.9 Council's Insurance Arrangements (34/2022)**

**4:02pm**

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The Unit Manager Governance Risk and Legal provided a verbal update:

- Renewal questionnaires have been distributed to Unit Managers late last week.

In regards to question from the Committee, Council staff provided the following information.

- Insurance market consistent with premiums from last year but continues to harden, premiums and excesses are due to go up again.
- Cyber insurance not particularly effective as a corrective control, so preventative control development is a current focus in I&T.

The Director of Corporate Services added:

- Currently reviewing cyber controls at the moment, number of areas Council can work on and looking at things like phishing. Council results are really good and better than most Councils. New arrangement working collaboratively with other Councils in regards to redundancy programs?

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**2.10 Report from the Office of the Internal Ombudsman**

**4:09pm**

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Presenter unable to attend, report taken as read.

The Unit Manager Governance Risk and Legal provided the following update:

- Update to structure and reporting lines, Council looking to create a new role of Investigations and Disclosures Coordinator, this will provide transparency and accountability to investigations being conducted.

In regards to questions from the Committee The Unit Manager Governance Risk and Legal provided the following information:

- The projected role will be refreshed every 3 years.

**Resolution**

*ARIC20/23 That the Committee note the report on Report from the Office of the Internal Ombudsman.*

*ARIC21/23 That the Committee make a recommendation that this report not be made publicly available, pursuant to Clause 78(a) of the Audit, Risk and Improvement Committee Charter, as it contains personnel matters concerning particular individuals.*

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**2.11 Service Reviews 4:13pm**

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Taylor Marks and Sharon McLaren attended for Item 2.11 only.

Alice Howe Director of Environment and Planning noted significant progress has been made collaboratively for this project.

Taylor Marks Senior Advisor Policy and Projects and Sharon McLaren Section Manager Corporate Planning and Reporting spoke to the presentation:

- Current draft framework, Confident Council is compliant, worked collaboratively and consulted with other Council including Northern Beaches Council and Blacktown Council.

In regards to questions from the Committee, Council staff provided the following information:

- 4 year terms will be ahead of the Council term.
- Service Review at this stage will not be publicly available.

The Committee provided the following information to Council:

- Currently likes the selection process framework, but recommend initial reviews be selected to verify the framework., Council to consider having it regularly reported to ARIC Committee to provide extra level of assurance and so the Committee can support the process.

**Resolution**

*ARIC22/23 That the Committee note the report on the recommended approach to service reviews and the draft Service Review Framework contained in Attachment 1.*

*ARIC23/23 That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**2.12 Work, Health and Safety Report**

**4:45pm**

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The Chair confirmed that the report was taken as read by the committee.

Krystie Bryant Unit Manager People & Culture attended for Item 2.11 & 2.12 only and spoke to the report:

In regards to questions from the Committee Krystie Bryant Unit Manager People & Culture provided the following information:

- There is currently only one outstanding improvement notice.
- Council conduct 3 Staff Pulse surveys per year, Council is seeing a trend around wellbeing, in January Council implemented a new resource with Psychological Wellbeing.
- Council's EAP usage is on par with general usage, data collected shows that it is more personal issues.
- Report to include effectiveness around keeping fit as you get older and what strategies work moving forward.

The Committee added the following notes and recommendations:

- Would like to see more of a graph of near misses and if there is a trend happening and what is being done.
- Engagement of Exercise Physiologist with ageing workforce to ensure a preventative approach.
- Implement a chart from previous Pulse surveys to do a comparison.

**Resolution**

*ARIC24/23 That the Committee note the report on Work Health and Safety.*

*ARIC25/23 That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that is confidential and unsuitable to be published.*

**CONFIDENTIAL ITEMS**

**3.1 Update on Legal Matters 5:00pm**

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Edward Hock Unit Manager Governance Risk and Legal provided the following update:

- Looking to strengthen internal processes to DA Application to ensure community mindedness.

In regards to questions from the committee Edward Hock Unit Manager Governance Risk and Legal provided the following information:

- Governance department is currently adequately resourced, there are 2 current vacancies for Principal Solicitors which will be going out for recruitment shortly.
- Current concern is the lingering court case with the Land and Environment Court.

**Recommendation**

*ARIC26/23 That the Committee note the report.*

*ARIC27/23 That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that would, if disclosed, prejudice the maintenance of law; and advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.*

**The Meeting** closed at 5:04pm.

**Next Meeting** 7 June 2023, 2pm  
Committee Room, Wyong  
and via Microsoft Teams