



Central Coast Council

Audit, Risk and Improvement Committee
Meeting

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

7 June 2023

MINUTES

Present

Carl Millington (Chairperson)
Arthur Butler
Peter McLean
Rik Hart

Independent member
Independent member
Independent member
Administrator

In Attendance

David Farmer
Marissa Racomelara
Dr Alice Howe
Boris Bolgoff
Edward Hock
Emma Galea
Ros Young
Philip Horan
Sharon McLaren
Taylor Marks
Rachel Gibson
Rachel Callachor
Caroline Karakatsanis
Rochele Antolin
Penelope Corkill

Chief Executive Officer
Director Corporate Services
Director Environment and Planning
Director Infrastructure Services
Unit Manager Governance, Risk and Legal
Chief Financial Officer
Unit Manager Information and Technology (Acting)
Section Manager IT Projects and Solutions
Section Manager Corporate Planning and Reporting
Senior Advisor Policy and Projects
Team Leader Civic Support
Meeting Support Officer
Director, Financial Audit, Audit Office of NSW
Audit Leader, Financial Audit, Audit Office of NSW
Director Risk and Assurance, Centium, Internal Audit
Partner

PROCEDURAL ITEMS

1.1 Acknowledgement of Country, apologies and welcome

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.

No apologies were received.

1.2 Disclosures of Interest

Resolution

ARIC28/23 That the Committee notes the standing declarations of current Committee members outlined in the table below.

ARIC29/23 That the Committee members confirmed they did not have any conflicts of interest to disclosure in relation to matters under consideration by the Committee at this meeting.

ARIC30/23 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

The Chair accepted the Minutes.

Feedback from the Chair regarding the need to ensure the minutes and information captured maintains required levels of confidentiality, in particular for the discussions in regarding confidential reports.

Resolution

ARIC31/23 That the Committee confirm the minutes of the previous Meeting held on 8 March 2023.

ARIC32/23 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

Unit Manager Governance, Risk and Legal noted there are 4 ongoing items and that the Service Review is an item on the agenda today.

Chair enquired regarding the status of action item 107/2021 regarding restricted funds and tracking spreadsheet to be presented to the Committee. Discussions regarding this item will continue offline.

Resolved

ARIC33/23 That the Committee note the report on Outstanding Action Items.

ARIC34/23 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 - Verbal report

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

- Overview provided regarding the Verde Terra judgement in the Land and Environment Court.
- Information provided regarding movement for the organisation away from having serious and extreme risks, to next tier of issues which present opportunities for improvement. Council is reviewing metrics over the past 2-3 years there has been significant growth and improvement regarding employee survey and staff alignment and commitment to the organisation, as evidence by an improved Employee Net Promoter Score (eNPS), measured via the staff survey.
- Overview provided regarding Council's budget position including future direction, and that Council expect to return a small surplus this financial year.
- Customer requests and correspondence / outstanding timeframe has improved significant and is close to the targeted benchmark.
- The focus of the organisation continues to shift towards the return of Councillors. Early work is commencing in relation to processes and procedures and frameworks in place.

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

Emergency Services Levy – there is a 55% increase to the levy for Council, and this rise will affect the budget, however it is anticipated there will be a small surplus.

In response to a question regarding how Council approaches the promotion of the good things being done and progress being made.

Response provided, Council continue to tell the story of the improvements and rebuilding the confidence in the organisation, in the eyes of the Community. Council has to work harder to provide that information.

Core service delivery functions are continuing to improve.

REPORTS

Note: Item 2.2 was prior to item 2.1 – the minutes are recorded in agenda order.

2.1 External Audit Report

The Director, Financial Audit, NSW Audit Office provided an overarching update to the Committee on external audit matters, as a part of items 2.3 and 2.4.

2.2 General Finance Update

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

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

- Confirmation that the Emergency Loan repayments are on-track for December 2023 repayment.
- Process completed regarding budget review for the upcoming financial year.
- Following the end of year financial statements there will be a review of the long term financial plan (LTFP). A focus will be on providing highlighting any areas of focus to stay sustainable and ability to absorb any adverse things which may occur.

As a part of discussion by the Committee, there was a suggestion for the inclusion of CAPEX forecast at year end as part of financial reporting.

In response to questions from the Committee, the following information was provided:

- Regarding on going budget management and setting a budget prior to the Councillors being elected and options regarding flexibility and restraint, regarding options to presented to the new Councillors.
This issue will need to be addressed and planned for.
- Non receipted bushfire and emergency services grants in the report. This is likely to be a timing issue and the receipt of these grants is ongoing.

Resolution

ARIC35/23 That the Committee note the report on General Finance Update.

ARIC36/23 *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 Audit Office Final Management Letter for Year Ended 30 June 2022

The Director, Financial Audit, NSW Audit Office, spoke to the report and provided the following information:

14 items still open.
8 matters have been resolved.

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

- For the next three weeks the Audit team will be on site at Council to conduct audit activities.
- As part of the audit process, the Final Management Letter tracks the progress of items, including the implementation process.

Resolution

ARIC37/23 *That the Committee note the Final Management Letter for Year Ended 30 June 2022 as per Attachment 1 to this report.*

ARIC38/23 *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*

a) they contain information about matters affecting the security of Council, Council Officials and/or Council property; and

b) as on balance it would not be in the public interest to make this information available as Council does not disclose to the public any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing, or reporting functions.

2.4 Audit Office Annual Engagement Plan for Year Ended 30 June 2023

The Director, Financial Audit, NSW Audit Office, spoke to the report and provided the following information:

Focus areas including cyber security audits and overview of risks.

Capital expenditure

Prior year management letter points.

There has been a change to the auditing standards, particularly regarding information technology risk.

Overview regarding the outcome of the performance audit of OLG and its regulatory function.

It is noted that the Local Government 2022 report is to be tabled to NSW Parliament in the coming weeks.

Resolution

ARIC39/23 That the Committee note the Audit Office of New South Wales Annual Engagement Plan for Year Ended 30 June 2023 as per Attachment 1 to this report.

ARIC40/23 That the Committee note the Council's Audit Engagement Project Plan for Year Ended 30 June 2023 as per Attachment 2 to this report.

ARIC41/23 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

a) they contain information about matters affecting the security of Council, Council Officials and/or Council property; and

b) as on balance it would not be in the public interest to make this information available as Council does not disclose to the public any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing, or reporting functions.

Items 2.5 and 2.6 were dealt with concurrently.

2.5 Enterprise Risk Management Report - May 2023

The Unit Manager Governance Risk and Legal spoke to the report and advised this is a static report at this time as there has not been any major changes to the organisational approach.

Resolution

ARIC42/23 That the Committee note the report on Enterprise Risk Management Report – May 2023.

ARIC43/23 That the Committee note the scope of the review of the Risk Management Function currently underway by PwC and scheduled to conclude by 30 June 2023.

ARIC44/23 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.

2.6 Enterprise Risk Management function review - Verbal report

The Unit Manager Governance Risk and Legal provided a verbal update including specific information regarding the review of enterprise risk management framework. A draft report from PwC is expected by 30 June in relation to their findings and any draft recommendations.

It is anticipated agreed and accepted recommendations, and an implementation program, will be available to present to ARIC by the next meeting.

Resolution

ARIC45/23 That the Committee note the update on the Enterprise Risk Management function review.

2.7 IT Update - Management of Technological Risks and Cyber Security

The Director Corporate Services introduced the Acting Unit Manager Information Technology and Section Manager IT Projects and Solutions who attended for Item 2.7 only and provided a presentation to Committee.

The report was taken as read, and an overview was provided regarding:

IT Enterprise Risk areas – noting the risk trend relates to the previous report to ARIC, that is, six months prior.

Discussion was had regarding the importance of cyber security and this is a key priority area.

Resolution

ARIC46/23 That the Committee note the IT update on the management of technological risks and cyber security.

ARIC47/23 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 on matters affecting the security of Council, Council Officials and Council property.

2.8 Infrastructure Services Risk Update

The Director Infrastructure Services introduced himself to the Committee and spoke to the report, providing a presentation which focused on the Directorate and its roles and responsibilities at Council, focusing on risk, risk ratings and risk management.

Resolved

ARIC48/23 That the Committee note the Infrastructure Services Risk Update

ARIC49/23 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 they may contain information on matters affecting the security of Council, Council Officials and Council property.

Items 2.9 and 2.10 were dealt with concurrently.

2.9 Internal Audit Final Reports

Penelope Corkill Director Risk and Assurance, Centium, Internal Audit Partner spoke to the report, which was taken as read.

Updates were provided on both the completed audits and upcoming audits that are scheduled.

Resolved

ARIC50/23 That the Committee note the report by Centium Compliance Management Audit.

ARIC51/23 That the Committee note the report by Centium Privacy Management Audit.

ARIC52/23 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.

2.10 Agreed Management Actions Tracker

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

Action: Agreed Management Actions Tracker to be redistributed further comments to be provided offline following review of the information.

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

Regarding the overdue items, some of the items – for example Councillor Expenses Policy – is unable to be progressed at this time, there is further work to undertaken by Council at an appropriate time.

Resolved

ARIC53/23 That the Committee note the report on Agreed Management Action Tracker.

ARIC54/23 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.

Note: Item 2.14 was heard ahead of item 2.11 with the minutes recorded in agenda order.

2.11 Internal Audit Work Program

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

The following feedback was provided following discussion by the Committee in relation to alignment of the audit work program to a council term, it is noted that compliance will be delivered over a 4 year period and it is over this time period that any issues will be addressed, noting that flexibility is required.

Resolved

ARIC55/23 That the Committee note the report Internal Audit Workplan 2023-24.

ARIC56/23 That the Committee recommend that 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.

2.12 Governance Lighthouse Report as at 31 March 2023

The Chair confirmed that the Report was taken as read.

The Unit Manager Governance Risk and Legal provided an update regarding the Disclosure of Interest Coordinator role, confirming the intention for a report to be presented to the Committee in the future, in relation to this area of work.

Resolved

ARIC57/23 That the Committee note the Governance Lighthouse Report as at 31 March 2023.

ARIC58/23 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.

2.13 Update on Legal Matters - Verbal report

The Unit Manager Governance Risk and Legal provided a verbal update on legal matters for the organisation, focusing on high impact matters.

Resolved

ARIC59/23 That the Committee note the Update on Legal matters.

2.14 Service Optimisation Framework - Progress Update

The Director Environment and Planning, Section Manager Corporate Planning and Reporting and Senior Advisor Policy and Projects attended for Item 2.14 only.

Section Manager Corporate Planning and Reporting and Senior Advisor Policy and Projects spoke to the report, providing an update on actions to the Committee, as well as details regarding the selection process and details of the two services the optimisation would focus on, noting this information is to be reflected in the Operational Plan.

Working Groups have been established and project staff are continuing to meet with their external consultant and refine the tool kit being used.

The project timeline was discussed and details provided that the project is on track.

Resolved

ARIC60/23 That the Committee note the report on the progress update on the Service Optimisation Framework.

2.15 Work, Health and Safety Report

The Director Corporate Services spoke to the report, which was taken as read.

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

It is anticipated there may be changes to this report as a result of the Work Health Safety review.

Education of staff via training and toolbox talks continues to be a high priority. The organisation is actively working in this space, utilising the outcomes of the staff survey's to inform the approach.

Resolved

ARIC61/23 That the Committee note the report on Work Health and Safety.

ARIC62/23 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.

The Meeting closed at 5.42pm.

Next Meeting TBC – September 2023
Committee Room, Wyong
and via Microsoft Teams