



Central Coast Council

Extraordinary Audit, Risk and Improvement Committee Meeting

Held Remotely - Online

13 September 2023

MINUTES

Present

Carl Millington (Chairperson)
Arthur Butler
Peter McLean

Independent member
Independent member
Independent member

In Attendance

David Farmer
Marissa Racomelara
Edward Hock
Emma Galea
Michelle Best
Caroline Karakatsanis
Patrick Or
Rachel Gibson
Rachel Callachor

Chief Executive Officer
Director Corporate Services
Unit Manager Governance, Risk and Legal
Chief Financial Officer
Section Manager Financial Accounting and Assets
Director, Financial Audit, Audit Office of NSW
Audit Manager, Audit Office of NSW
Team Leader Civic Support
Meeting Support Officer

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.

Apologies received:
Rik Hart, Administrator

1.2 Disclosures of Interest

Resolution

ARIC63/23 That the Committee notes the standing declarations of current Committee members outlined in the table within the report.

ARIC64/23 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.

ARIC65/23 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.

REPORTS

2.1 Draft 2022-2023 Financial Reports for Central Coast Council and Central Coast Council Water Supply Authority

Chair congratulated Council on its position of being able to have the Committee receive the Draft Financial Statements at this time, and the organisational performance to date and in relation to the audit timelines.

Director, Financial Audit, Audit Office of NSW advised the statements would be referred to audit on 18 September 2023 - there are no significant issues so far and a Management Letter will be forthcoming as a part of this process.

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The Chief Financial Officer and Section Manager Financial Accounting and Assets provided the following information in relation to questions and comments from the Committee:

General

- Confirmation that there are no significant events which would impact information in the statements (for example: floods/natural disasters, asset sales, resources etc.) – normal Council operations for the financial year.
- In response to transactions during the year which are reflected in the statements and notes information - clarification that there is a note regarding legal expenses which addresses the fluidity of this aspect.
- Infrastructure assets – Confirmation that appropriate indices have been applied. There has been a full revaluation of operational land and buildings. Subject matter experts have reviewed results. As a result of this, there were some questions and clarifications regarding buildings.
Regarding revaluations: there is a documented methodology, the reporting process has been refined in relation to fixed asset register.
- Interest rate risk (1%) is predetermined by LG Solutions package which Council, and many other Council's use, Council is relying on that advice.
- Confirmation that there is a separate bank account for trust funds.
- Clarification regarding minor discrepancies in information across statements regarding:
 - Inconsistency in statements, for example: Water Supply Authority statements list the standards, Consolidated Financial Statements do not. This will be amended and the names of standards will be added to Consolidated Financial Statements.
 - Clarification of the item donated and/or found assets.
 - Disposal of assets, expenditure and operations.
 - Developer contributions - difference relates to bonus provisions. The figure should be the same, issue with mapping and will be rectified.
 - Clarification and information provided regarding the reconciliation of Crown Land holdings - the Crown Land reconciliation process has been documented. Cross referenced with published Government Gazettes.
An outline was provided of the processes in place to gradually audit all RFS assets via a rolling audit.

The Committee noted that Council is within, or better than, benchmarks and this is a great testament to the work that Council has undertaken.

Special Purpose Financial Statements and Special Schedules

In response to a comment from the Committee in relation to rate of return, classification of business activities – these will be addressed in the Financial Sustainability Strategy which is currently being prepared.

Water Supply Authority General Purpose Financial Statements

Information provided regarding:

- Depreciation – Storm water and Water supply.
Confirmed that revaluation has not been undertaken, indexation was used.
Explanation of the rate used (ABS) and the reconciliation process was explained.
- Clarification in relation to unrestricted funds, within restricted funds.
- Confirmation that Water funds can only be used for water purposes and Sewer funds for sewer purposes – it was agreed that it would be useful to specifically note this in the statements for transparency.
- Overpayments and what this captures overall will be clarified.
- Administrative adjustments, such as amendment to key management personnel section with a reference to *Water Supply Authority* – not *Council* – will be updated accordingly.

It was noted that some discussions related to other business and aspects which are not connected to the auditing of Draft Financial Statements (for example: assets). These will be further explored in future meetings of the Committee.

The Audit Office acknowledged they are looking to allocate extra resources to complete the audit process within the agreed timeframes.

Resolution

ARIC66/23 That the Committee note the report on the draft Financial Statements for the period from 1 July 2022 to 30 June 2023.

ARIC67/23 That the Committee recommends that Council refer the draft 2022-2023 Consolidated Financial Statements for Central Coast Council that include General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules to audit.

ARIC68/23 That the Committee recommends that Council refer the 2022-2023 Central Coast Council Water Supply Authority General Purpose Financial Statements to audit.

ARIC69/23 That the Committee make a recommendation 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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The Meeting closed at 3.30pm.

Next Meeting To be confirmed – October 2023
Committee Room, Wyong
and via Microsoft Teams