



Central Coast Council
Audit, Risk and Improvement Committee
Meeting

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

21 November 2023

MINUTES

Present

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

In Attendance

David Farmer	Chief Executive Officer
Melanie Smith	Director Community and Recreation Services
Marissa Racomelara	Director Corporate Services
Jamie Loader	Director Water and Sewer (attended for item 2.1 only)
Emma Galea	Chief Financial Officer
Edward Hock	Unit Manager Governance, Risk and Legal
Rachel Callachor	Meeting Support Officer
Ange Russell	Civic Support Officer
Caroline Karakatsanis	Director, Financial Audit, Audit Office of NSW

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 received.

1.2 Disclosures of Interest

Resolution

ARIC70/23 That the Committee notes the standing declarations of current Committee members outlined in the table within the report.

ARIC71/23 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.

ARIC72/23 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.

Resolution

ARIC73/23 That the Committee confirm the minutes of the previous Meetings held on 7 June 2023 and the Extraordinary meeting held on 13 September 2023.

ARIC74/23 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

It was noted there are two ongoing action items, Work Health and Safety report and Service Reviews, which will be items on the agenda for December 2023 meeting.

Resolution

ARIC75/23 That the Committee note the report on Outstanding Action Items.

ARIC76/23 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.

Reports

1.5 Council's current status - Verbal report

The CEO, David Farmer, provided a verbal update including:

- Details of the 10 year Long Term Financial Plan (LTFP) will go to Council next week at the November Ordinary Council meeting, and includes overarching information regarding planning, the rate cap and methodology.
- Discussion and information regarding the results of the Audited Financial Statements which are pleasing, as is the work by Council and the Audit Office to have the statements completed within the required timeframes.

In response to a question from the Committee in relation to the Councillors return and what the feeling is in relation to community sentiment one year out from return, information was provided that the major metrics for measuring community's views and sentiments are improving.

REPORTS

2.1 Presentation of 2022-2023 Financial Reports and related Auditor's Reports for Central Coast Council and Central Coast Council Water Supply Authority

Opening comments by the Chair congratulating Council staff and Audit Office staff on the completion of the audit and the delivery of the Audited Financial Statements and the Closing report.

Caroline Karakatsanis, Director Financial Audit, NSW Audit Office spoke to the report and summarised the audit (overall), adjustments and Closing report, which included correction of prior period errors.

Thanks given to Council's finance staff members and teams, and in particular Leslie Chan, for their efforts and responsiveness throughout the process.

The report was taken as read, and the Chair called for any questions from the Committee with the following information provided in response to queries:

Audit Office is focusing on forward planning now Council's audit process is back in sync. Main areas of focus: asset management recording and valuations, developer contributions and completed assets.

Early start of process for building valuations was a key piece and the Management Letter is currently being prepared.

Chair asked for any further comments from management, with the following information provided:

The Director Corporate Services noted that the audit process continues to improve year-on-year and moving into the future. Data is improving, as well individual processes.

The Chief Financial Officer highlighted the areas of improvement and that timeliness has been addressed. The work of the Audit Office was acknowledged to help complete the audit on time, and the long hours worked by internal staff in the Finance department.

Suggested improvements included:

- Improvements to make sure latest indices are being used.
- Processes in place regarding donated assets.
- Links to the engagement letter, and the management letter will have more detailed recommendations.
- Prior year issues – quite a few adjustments, had to also go back and unwind a few things, complex and time consuming.
- Specific improvements, such as process regarding Donated Assets were picked up on and included in this year's audit.

The Chief Executive Officer noted it is pleasing to see continual improvement and have the organisation back into sync with the audit cycle.

Confirmation from the Audit Office that the Management letter and management responses are aiming to be made available to the Committee at the December ARIC meeting, but it is noted the process may not be fully completed, given the meeting timing.

Resolution

That the Committee:

ARIC77/231 *Notes that the 2022-2023 Central Coast Council audited financial reports including the auditor's reports were presented to the Council Meeting on the 31st October 2023, in accordance with s. 419(1) of the Local Government Act 1993 ("LG Act").*

ARIC78/232 *Recommends that the Audit Engagement Closing Report (Attachment 4) is to not be made publicly available, pursuant to Clause 78(h) of the Audit, Risk*

and Improvement Committee as it contains information determined by the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published.

- ARIC79/233 *Notes that Council adopted the audited 2022-2023 financial reports for Central Coast Council as presented in accordance with ss. 413(2)(c) and 377(1)(k) of the LG Act, and cl. 215(1)(a) of the Local Government (General) Regulation 2021.*
- ARIC80/234 *Notes that Council adopted the audited 2022-2023 financial reports for Central Coast Council Water Supply Authority as presented in accordance with s.45 of the Water Management Act, Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.*
- ARIC81/235 *Notes that the 2022-2023 Central Coast Council audited financial reports were lodged with the Office of Local Government by the due date, 31 October 2023.*
- ARIC82/236 *Receives the presentation by the NSW Audit Office regarding the conduct of the audit.*
- ARIC83/237 *Commend both Council finance team and the Audit Office team for their achievement and collaborative work in the delivery of the Audited Financial Statements.*

2.2 Update from Governance, Risk & Legal (including Councillor return and organisational readiness projects)

The Unit Manager Governance Risk and Legal spoke to the report, which was taken as read, and updated the Committee on an ongoing contentious legal matter, current status and potential next steps.

Updated provided regarding the following items:

- Recruitment in Legal team, with the Principal Solicitor commencing in January 2024.
- Councillor return – update regarding candidate information session, first session was held in October, with two remaining sessions to occur in 2024. Further information provided in relation to internal structures and training (which has commenced) and what will be continued to be rolled out.

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

- Councillor information sessions – the Office of Local Government (OLG) is providing assistance and involvement by OLG with all three Council's currently under administration, in relation to these sessions.

- Internal audit service provider and tender for services – Tender has closed, looking to appoint and make a recommendation to the executive team.
Confirmation that current provider Centium will be requested to provide a report and present to the December committee meeting, to close out their engagement.
- Question regarding principal solicitor – will it change internal and/or external approach?
Likely to solidify the approach currently being taken. Principal Solicitor will help manage internal solicitors and the internal workload.
- Confirmation that the training package for Councillor Information sessions is being put together by staff using internal resources along with OLG and LGNSW assistance.
- In response to a question regarding cyber security training and whether it is both mandatory for all staff and if the approach will be the same for Councillors.
Director Corporate Services provided information confirming the mandatory training, and in relation to this being included in the suite of training and onboarding for Councillors, and the three tiers of training: standard, additional access and Directors training.
There will be analysis regarding any other additional training or specialist knowledge required for Councillors and it was confirmed that attendance lists in all Councillor development opportunities and briefing sessions will be public documents.

Resolution

ARIC84/23 That the Committee note the updates on Councillor return and organisational readiness projects and the Governance, Risk and Legal unit.

ARIC85/23 That the Committee recommend that this report and the supporting papers to this report not be publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as information that is determined by the Committee or the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published.

2.3 2022-26 IPART Determination Year 1 Report Card

Director Water and Sewer, Jamie Loader, spoke to the report, which was taken as read and provided high level overview regarding the previous and current status of the Water and Sewer operations, effects of COVID on this, and other relevant aspects.

Information provided to the Committee included:

- Further information regarding the work recently undertaken with customers to define customer metrics, with the framework developed and adopted by Council in September 2023. Approach is 'bottom up', regarding guiding these decisions – with a focus on accountability and community engagement.
- Capital expenditure (CAPEX) target has been exceeded – noting almost all of the

capital works program is external for this Directorate.

- Asset management is advanced, and has a value of \$4billion. As a result, asset engineers team staffing has been increased.
- Aligning project management to the corporate management framework is the next step.
- Governance work is an ongoing piece due to the unique situation with the operation of a regulated Water Supply Authority within a Council.

IPART determination and balance over the 4 years – this does not ‘match’ year to year, but balances overall in relation to the determination information.

In response to questions from Committee, the following information and clarifications were provided:

- IPART will undertake a mid-term review next year, this does not affect the existing determination overall as outcomes as a result of review affect the next determination period.
- Comment and question regarding outsourcing and that it can be cost prohibitive. Has this been considered?
Information provided that matters around resourcing and attracting candidates exist regardless of internal or external.
- Question re Security of Critical Infrastructure (SOCl) as referenced in the report.
Response provided confirming that figure listed within the report is to be clarified however, it is confirmed it is not accurate in relation to the current expenditure on the project at this time as the team for this piece of work is still being developed.
- Asset management strategy is tasked with undertaking overview of assets which is used for renewal programs.
- Noted that Water and Sewer risks component is to be addressed in the report to the next ARIC meeting in December 2023.

Resolution

ARIC86/23 That the Committee note the attached Water and Sewer 2022-26 IPART Determination Annual Report Card for Year 1, 2022-23.

ARIC87/23 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 it contains information that is determined by the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published.

3.1 Community and Recreation Services Risk Update

The Director Community and Recreation Services, Melanie Smith, introduced herself to the Committee and spoke to the report providing a presentation which focused on the Directorate and its roles and responsibilities at Council. The update focused on risk, risk ratings and risk management.

Resolution

ARIC88/23 That the Committee note the Community and Recreation Services Risk Update.

ARIC89/23 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 may contain information on matters affecting the security of Council, Council Officials and Council property.

General Business

Discussion regarding 'in-camera' meetings to be held before the December meeting.

Meeting with NSW Audit Office confirmed as per resolution below.

In-camera meeting regarding Internal Audit may be held, if required, however this will be determined following receipt and review of an End of Engagement report from current internal audit provider, Centium.

Resolution

ARIC90/23 Unanimous agreement from the Committee members to schedule an in-camera meeting with the Audit Office, to be held prior to the next scheduled meeting on 6 December 2023 commencing at 1.30pm.

The Meeting closed at 1:55pm.

Next Meeting 6 December 2023, 2pm – 5pm