



Central Coast Council

Audit, Risk and Improvement Committee Meeting

Held in the Committee Room, 2 Hely Street, Wyong
and Remotely - Online

6 December 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
Marissa Racomelara	Director Corporate Services
Edward Hock	Unit Manager Governance, Risk and Legal
Emma Galea	Chief Financial Officer
Rachel Gibson	Team Leader Civic Support
Caroline Karakatsanis	Director, Financial Audit, Audit Office of NSW
Patrick Or	Audit Office of NSW
Paulette Pang	Partner at Scyne Advisors
Michelle Best	Section Manager, Financial Accounting and Assets

In Attendance during presentation only:

Shannon Turkington	Item 2.1	Unit Manager Strategic Planning
Jamie Beal	Item 2.4	Unit Manager Information and Technology
Paul Mewing	Item 2.11	Work Health and Safety Lead Specialist
Jamie Loader	Item 3.1	Director Water and Sewer

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

ARIC91/23 That the Committee note the standing declarations of current Committee members outlined in the table below.

ARIC92/23 That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.

ARIC93/23 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.

1.4 Outstanding Action Items

It was noted that two (2) ongoing items, Work, Health and Safety report and Service reviews were satisfied during this 6 December meeting. They will be updated on the log.

It was also noted to maintain the Work Health and Safety report as a quarterly ongoing item and remove from the action log.

Resolution

ARIC94/23 *That the Committee note the report on Outstanding Action Items.*

ARIC95/23 *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 Chief Executive Officer (CEO), David Farmer, provided a verbal update.

Verde Terra reflection on what may happen after succeeding in the High Court. The CEO stated that we are working on what the next steps may be.

Council adopted LTFP 10 year plan last week. Maintaining our current state and restrain our spending along with good cost control will keep us within acceptable boundaries.

Report to Council 12 December Council meeting that requests Council to pay off \$100M emergency loan by 31 December that would roll over if not paid off.

Question asked by Chair regarding Verde Terra and what the cost to Council. The CEO stated that there are a lot of unknowns with respect to the value of the land and the EPA.

REPORTS

2.1 External Audit Report - Verbal Report

Verbal Presentation by Caroline Karakatsanis.

The last outstanding report is the final management letter. The first draft of the management letter was sent 1 December and will give Council staff 2-3 weeks before issuing a final. This will be circulated out of ARIC session given the next ARIC is not until March.

8 prior year matters unresolved. The final management letter has an appendix and tracks matter and there are a lot of closed matters.

2.2 General Finance Update

Update was given by Emma Galea Chief Financial Officer. Report taken as read.

The CFO gave an overview:

As of October we are tracking well.

Investment report hold \$788M out of that \$52M unrestricted and general fund.

Committee member Peter McClean asked about being over budget or is that just timing and CFO concurred it was just timing.

CEO, David Farmer, stated that Civil works had a much better work schedule due to no rain and on top of that we have grant money for this work.

Committee member Peter McClean asked about the executive summary on the Investment report and the average return on investment. He asked that it be listed in the summary so it is easier to read.

Committee member Arthur Butler asked the CFO what her confidence level with regards to budgeting and the CFO shared that adjustments were made after a deep dive. Net increase in income back to pre-covid levels.

CEO David Farmer stated that Council follows an Investment policy which outlines guidelines for credit risk and limits by type and by rating. We test against the guidelines any time we undertake an investment.

Resolution

ARIC96/23 That the Committee note the report on General Finance Update.

ARIC97/23 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 Enterprise Risk Management Review - Final Report and Recommendations

Unit Manager Governance Risk and Legal Edward Hock gave an introduction for Paulette Pang.

Paulette Pang, Partner Scyne, attended to present in relation to this item.

Report taken as read.

Paulette Pang gave insight on the report:

Scyne Advisory is the new entity replacing PWC.

Identified a number improvement opportunities:

- Clearer risk appetite statements
- Management of risk is being handled well
- It would be best practice to have the right frameworks in place to drive the standard and ensure it is followed.
- Risk Control descriptions to drive a strong risk culture.

Paulette Pang gave thanks Marissa and Ed for their assistance during the report process.

Director of Corporate services Marissa Racamelara stated that we have a roadmap to go to ELT for Risk review.

She announced that Edward Hock was successful in obtaining the role to run the Risk roadmap project. She stated that the project will develop risk appetite statements to go to ELT and aiming to demonstrate the quality of the risk registers as the organization is washed through the Risk roadmap.

Paulette Pang endorsed the appointment of Edward Hock in the new Risk role.

Resolution

ARIC98/23 That the Committee note the Enterprise Risk Management Review – Final Report and Recommendations.

ARIC99/23 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 Committee or the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published.

2.4 IT Update

The Unit Manager from I & T Jamie Beal spoke to the report which was taken as read and had a presentation.

Highlights of Jamie Beal's presentation:

I&T now have an Asset Register to ensure the Crown Jewels are protected.
First year that I&T has not had any audit issues from their Audit.

Director of Corporate Services Marissa Racamelara responded to a question from the Chair around what is being done with the results on mandatory training completion. By stating that a report goes to ELT on updates for ELT to then go to their individual directorates to ensure staff complete the mandatory training.

It was observed by the Chair that recruitment needs to be part of the process of security.

Central Coast Council received a Cyber NSW UpGuard Security Rating of 741 risk rating B.

Real time assessment of each councils cyber posture.

Tech investment is one of our risks which is another area we are investing.

Jamie Beal responded to a question from the Chair regarding Archived documents. We align to state records requirement and GDA. Content Manager sets expiration/sentencing dates.

Resolution

ARIC100/23 That the Committee note the update on the management of technological risks and cyber security.

ARIC101/23 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 matter affecting the security of Council, Council officials, and Council property.

2.5 Internal Audit Work Program - Verbal Report

The Unit Manager Governance Risk and Legal Edward Hock gave a verbal presentation.

Effective last week council has appointed KPMG for internal audit. KPMG have received all historical data and by March 2024 expected to provide a substantive report with completed reports.

Edward Hock responded to a question from the Chair and stated that an internal audit report will be ready for the March ARIC meeting.

2.6 Internal Audit Final Reports

The Unit Manager Governance Risk and Legal Edward Hock gave a verbal presentation.

General comments given by Unit Manager Governance Risk and Legal.

Low level and low risk finding. Procurement report was pleasing.

Council expenses policy audit found that our compliance with the updated policy was 100%.

Fraud and corruption health check was good and we will take up this body of work with the incoming audit partner.

Edward Hock responded to a question from committee member Peter McClean regarding the timeline of the a high risk item prioritized. Pointed out that Items 13 and 14 recommendations mistake in the report 31 March 2023 should be 2024.

Edward Hock and Marissa Racamelara responded to a question from Chair on fraud and corruption stating there is a lack of focus. Does management agree and what are we going to do? By stating that we have made improvement on fraud and control systems and that our fraud and corruption controls have been improving across the board.

Resolution

ARIC102/23 That the Committee note the report by Centium Compliance Management Audit.

ARIC103/23 That the Committee note the report by Centium Privacy Management Audit.

ARIC104/23 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.

2.7 Agreed Management Actions Tracker

Report taken as read by Unit Manager Governance Risk and Legal Edward Hock.

There are some low risk items overdue.

Committee member Arthur express concerns over the sewage overflow with work health and safety for child care centres.

Action Item: Check this overdue item on the tracker and respond back to ARIC in March 2024.

Resolution

ARIC105/23 That the Committee note the report on Agreed Management Action Tracker.

ARIC106/23 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.

2.8 Roadmap to compliance with Guidelines for Risk Management and Internal Audit by 1 July 2024

Unit Manager Governance Risk and Legal Edward Hock gave a presentation.

Council is working toward compliance to the guidelines. Committee members should have some independence. Annual attestation and annual report will need to be compliant with the guidelines. The Committee will need to ensure the Charter is updated and are able to demonstrate the committees independence to Council.

The Committee needs to review the ARIC Charter, 4 years strategic plan, and ARIC workplan.

Resolution

That the Committee:

ARIC107/23 Develops a 4-year strategic work plan compliant with the Guidelines for Risk Management and Internal Audit prior to 30 June 2024.

ARIC108/23 Develops an annual work plan compliant with the Guidelines for Risk Management and Internal Audit prior to 30 June 2024.

ARIC109/23 That the Committee make a recommendation 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.

2.9 Annual Review - Verbal Report

The Unit Manager Governance Risk and Legal Edward Hock gave a verbal presentation

Draft will be sent prior to end of year.

The annual review will go to the March ARIC meeting.

Required attestation 2025.

2.10 Service Optimisation Program Update

The Unit Manager of Strategic Planning Shannon Turkington gave a verbal presentation. Civic Support SOI- well progressed and the scope was changed from the initial scope. Best practice report going to ELT this year. Road maintenance and pothole work SOI- is the next project.

Resolution

ARIC110/23 That the Committee note the report on the progress of the Service Optimisation Framework.

ARIC111/23 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

2.11 Work, Health and Safety Report

Work Health and Safety Lead Specialist Paul Mewing available for questions to the report.

Paul Mewing answered a question from the Chair about how Council is managing psychosocial hazards. Council has a workshop next week to help explore how to determine and what to do.

Paul Mewing answered a question from Committee member Arthur Butler around prevention of incidents. Last quarterly report that was broken down for near miss/near hits. Paul stated that the Report is going to take a different format. There is a new UM and all reporting is being reviewed by her.

Resolution

ARIC112/23 That the Committee note the report on Work Health and Safety.

ARIC113/23 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.

ARIC114/23 That the Committee note that the format of this report is under review with a view to providing an enhanced report in 2024.

2.12 Meeting Dates for 2024

Meeting dates reviewed and approved by the committee with a change to the March date from 20 March to 27 March 2024.

Recommendation

That the Committee:

ARIC115/23 Sets the meetings for 2024 on:

- a. Wednesday 27 March 2024;*
- b. Wednesday 5 June 2024;*
- c. Thursday 22 August 2024; and*
- d. Wednesday 11 December 2024.*

ARIC116/23 makes a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

CONFIDENTIAL REPORT

3.1 Understanding Water and Sewer - Key strategic risks and improvement opportunities

The Director Water and Sewer, Jamie Loader, 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. The update focused on risk, risk ratings and risk management.

The Meeting closed at 4:45pm.

Next Meeting 27 March 2024