



Central Coast Council

Minutes of the
Audit, Risk and Improvement Committee
Meeting of Council

Held via *Microsoft Teams/Wyong Committee Room* on 10 December 2020,
Commencing at 2.03pm

Present

Dr Colin Gellatly (Chairperson)
Carl Millington
John Gordon

In Attendance

Mr Rik Hart	Interim Chief Executive Officer
Natalia Cowley	Director Corporate Affairs
Emma Roberts	General Counsel
Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman
Jade Maskiewicz	Assistant Internal Ombudsman
Shari Driver	Unit Manager Strategic Planning
Shane Sullivan	Unit Manager Governance and Business Services
Heidi Pegg	Section Manager Environmental Reporting
James Taylor	Section Manager Governance
Kelly Drover	Advisory Group Support Officer
David Daniels	Audit Office of NSW
Cassie Malone	Audit Office of NSW
Penelope Corkill	Account Manager, Centium, IA Co-Sourced Partner

1 INTRODUCTION

Welcome, Acknowledgement of Country and Apologies

The Chairperson, Dr Colin Gellatly, opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

Apologies received: Dick Persson AM - Administrator, Ricardo Martello - Executive Manager Innovation and Futures

1.2 Disclosures of Interest

Resolution

187/2020(ARIC) The Committee noted the report on Disclosures of Interest.

188/2020(ARIC) John Gordon declared a perceived less than significant non-pecuniary conflict of interest in regard to discussion around the accounts for the 2016 pre-merger because:

- a. he was a Partner with PricewaterhouseCoopers (PwC) for a period of 22 years, retiring December 2008. PwC were the Auditors for the former Gosford and Wyong Councils in 2016. He was not involved in either of the 2016 Council audits; and***
- b. he is an independent member of the NSW Audit Office Audit, Risk and Improvement Committee who are the Auditors of Central Coast Council.***

And indicated his intention of leaving the meeting when this item is discussed.

189/2020(ARIC) The Committee recommended 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

Resolution

190/2020(ARIC) The Committee confirmed the minutes of the previous meeting held on 6 November 2020.

191/2020(ARIC) The Committee recommended 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

Resolution

192/2020(ARIC) The Committee noted the report on Outstanding Action Items.

193/2020(ARIC) The Committee recommended that the report and the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

2 INTERNAL AUDIT

2.1 Chief Internal Auditor's Quarterly Progress Report

Resolution

194/2020(ARIC) The Committee noted the Chief Internal Auditor's Quarterly Progress Report.

195/2020(ARIC) The Committee endorsed the proposed changes to the 2020/21 IA work programme to have a greater emphasis on consultancy/advisory work to help reduce existing risk exposures and fix broken controls.

196/2020(ARIC) The Committee recommended that this report and the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

ITEMS 5.1, 5.2, 5.3 AND 3.1 WERE BROUGHT FORWARD TO THE BEGINNING OF THE MEETING AT THE REQUEST OF THE CHAIR.

5 FINANCE

5.1 Progress Report on Actions Identified in the Business Recovery Plan

Resolution

197/2020(ARIC) The Committee noted the Progress Report on Actions identified in the Business Recovery Plan.

198/2020(ARIC) The Committee requested to be kept updated on the status of the KPMG's Forensic Audit Report and the Fraud Report.

199/2020(ARIC) The Committee recommended that this report and the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

Shane Sullivan left the meeting at 2.25pm.

5.2 Draft Financial Statements for the period 1 July 2019 to 30 June 2020

John Gordon left the meeting at 2.44pm for the discussion around the 2016 former Gosford and Wyong financial statements and voluntary change in accounting policy as he had declared an interest in this matter.

Resolution

200/2020(ARIC) *The Committee recommended that Council adopt the 2019-20 Consolidated Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules.*

201/2020(ARIC) *The Committee recommended that Council adopt the 2019-20 Central Coast Council Water Supply Authority General Purpose Financial Statements.*

202/2020(ARIC) *The Committee recommended 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.*

John Gordon returned at 2.57pm at the conclusion of Item 5.2.

5.3 Policy for Investment Management

Resolution

203/2020(ARIC) *The Committee endorsed the Policy for Investment Management and Investment Strategy for adoption by Council.*

204/2020(ARIC) *The Committee recommended 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 exception, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

3 EXTERNAL AUDIT

3.1 Update on External Audit Activities

David Daniels advised that the year-end audit phase commenced on 16 November 2020. There have been some challenges (notable in the submitted financial statements and the payroll space) in obtaining the required information which has impacted the progress of the audit, but the Audit Office is continuing to work with management to obtain the audit evidence needed to support the balances presented in Council's financial statements.

David also noted that an area of risk is with the valuation of Roads & Drainage assets, noting the last full revaluation was in 2015. Management's initial position is that the replacement cost of these assets has not significantly changed since the date of the last full revaluation and management will be providing additional evidence to support this position.

Resolution

205/2020(ARIC) The Committee noted the verbal update provided by the NSW Audit Office.

Shane Sullivan returned 3.03pm

2.2 Implementation of Management Actions Arising From Independent Reviews

Resolution

206/2020(ARIC) The Committee noted the report on Implementation of Management Actions Arising From Independent Reviews.

207/2020(ARIC) The Committee considered the proposals for the content of this report in the future and acknowledged that moving forward Internal Audit will be an ELT agenda item as well as being part of the ARIC agenda.

206/2020(ARIC) The Committee recommended 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.

2.3 The Internal Audit Balanced Scorecard Report

Resolution

209/2020(ARIC) The Committee noted The Internal Audit Balanced Scorecard Report.

210/2020(ARIC) The Committee recommended 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.

2.4 IA Emerging Themes Report 2019 2020

Resolution

211/2020(ARIC) The Committee noted the report on IA Emerging Themes Report 2019 2020.

212/2020(ARIC) The Committee recommended 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 exception, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

2.5 Comparative Data and Risk Outlook

Resolution

213/2020(ARIC) *The Committee noted the report on Comparative Data and Risk Outlook.*

214/2020(ARIC) *The Committee recommended 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 exception, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Question from Chair re Timing of assimilation of IA items into ELT Agenda

Acting CEO, Rik Hart responded to the Chair's question on timing and provided the Committee with a verbal update on Council's current financial situation.

Resolution

215/2020(ARIC) *The Committee noted the verbal update provided by the Acting CEO.*

4 GOVERNANCE

4.1 Report from the Office of the Internal Ombudsman

Resolution

216/2020(ARIC) *The Committee noted the Report from the Office of the Internal Ombudsman.*

217/2020(ARIC) *The Committee recommended that pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, a 'confidential' privacy marking be assigned to the report and supporting papers and that this report and supporting papers not be released to the public as:*

- a they may contain confidential advice or confidential communications concerning litigation or legal matters that may otherwise be privileged from production on the grounds of legal professional privilege.***

- b further, on balance, it would not be in the public interest to make this information available as it may compromise Council's ability to ensure the optimum outcome for the community.***

Lilly Mojsin and Jade Maskiewicz left at 3.27pm at the conclusion of Item 4.1.

4.2 Governance and Risk activities update

Resolution

218/2020(ARIC) The Committee noted the report on Governance and Risk activities.

219/2020(ARIC) The Committee recommended that pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, a 'confidential' privacy marking be assigned to the report and supporting papers and that this report and supporting papers not be released to the public as:

- a they may contain confidential advice or confidential communications concerning litigation or legal matters that may otherwise be privileged from production on the grounds of legal professional privilege.***
- b further, on balance, it would not be in the public interest to make this information available as it may compromise Council's ability to ensure the optimum outcome for the community.***

4.3 Draft Policies for Review

Resolution

220/2020(ARIC) The Committee noted the report on Draft Policies for Review.

221/2020(ARIC) The Committee had no feedback on the draft Lobbying Policy that is Attachment 1 to this report.

222/2020(ARIC) The Committee had no feedback on the draft Gifts and Benefits Policy that is Attachment 2 to this report.

223/2020(ARIC) The Committee recommended 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 exception, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

4.4 Update on Legal Matters – CONFIDENTIAL

Emma Roberts – General Counsel joined the meeting at 3.29pm to provide an update on Legal Matters and left at the conclusion of this item.

Resolution

224/2020(ARIC) The Committee noted the report on Update on Legal Matters.

225/2020(ARIC) The Committee recommended that pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, a 'confidential' privacy marking be assigned to the report and supporting papers and that this report and supporting papers not be released to the public as:

- a they may contain confidential advice or confidential communications concerning litigation or legal matters that may otherwise be privileged from production on the grounds of legal professional privilege.**
- b further, on balance, it would not be in the public interest to make this information available as it may compromise Council's ability to ensure the optimum outcome for the community.**

6 ENVIRONMENT AND PLANNING

6.1 Update on Environmental Management System Update

Heidi Pegg – Section Manager Environmental Reporting joined the meeting at 3.31pm to provide an update on the Environmental Management System Development and Implementation and left at the conclusion of this item.

Resolution

226/2020(ARIC) The Committee noted the verbal update provided by the Section Manager Environmental Reporting.

7 INNOVATION AND FUTURES

7.1 Draft Works-In-Kind Policies for Works under the Environmental Planning & Assessment Act 1979 and Water Management Act 2000

Shari Driver - Unit Manager Strategic Planning discussed the two draft Works-In-Kind policies and supporting guidelines (for works under the Environmental Planning & Assessment Act 1979 and the Water Management Act 2000).

Resolution

227/2020(ARIC) The Committee noted the report on Draft Works-In-Kind Policies for Works under the Environmental Planning & Assessment Act 1979 and Water Management Act 2000.

228/2020(ARIC) *The Committee supported the draft Works-In-Kind policies and supporting guidelines (for works under the Environmental Planning and Assessment Act 1979 and the Water Management Act 2000) being reported to Council to seek authorisation to publicly exhibit the documents.*

229/2020(ARIC) *The Committee recommended 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 exception, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

8 GENERAL BUSINESS

8.1 Meeting Dates for 2021

Resolution

230/2020(ARIC) *The Committee noted the report on Meeting Dates for 2021 and resolved to set the meeting dates following consultation with the three Independent members via email.*

231/2020(ARIC) *The Committee recommended 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.*

8.2 Update on Council's Financial Situation

Resolution

232/2020(ARIC) *The Committee requested an informal meeting with the Acting CEO and Director Corporate Affairs Thursday 17 or Friday 18 December 2020 to be provided with an update on Council's Financial Situation.*

The Meeting closed at 3.52pm.

Next Meeting TBC