



---

## Central Coast Council

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

Held via *Microsoft Teams* on 24 June 2021,  
Commencing at 2.00pm

---

#### **Present**

Carl Millington (Chairperson)	Independent member
Arthur Butler	Independent member
John Gordon	Independent member

#### **In Attendance**

Rik Hart	Administrator
David Farmer	Chief Executive Officer
Natalia Cowley	Director Corporate Affairs and Chief Financial Officer
Jamie Loader	Director Water and Sewer
Edward Hock	General Counsel
Tina Baker	Chief Internal Auditor
Jade Maskiewicz	Assistant Internal Ombudsman
Jamie Barclay	Unit Manager Economic Development and Property
Jamie Beal	Unit Manager Information and Technology
Shane Sullivan	Unit Manager Governance and Risk
James Taylor	Section Manager Governance Services
Stephen Bignill	Enterprise Risk Manager
Kelly Drover	Meeting Support Officer
Rammiya Brinthapan	Audit Office of NSW
David Daniels	Audit Office of NSW
Cassie Malone	Audit Office of NSW
Phil O'Toole	Centium, IA Co-Sourced Partner

## **1 INTRODUCTION**

### **Welcome, Acknowledgement of Country and Apologies**

The Interim Chairperson, Carl Millington, opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

Apologies received:

Scott Cox, Director Environment and Planning

Lilly Mojsin, Senior Internal Ombudsman

Penelope Corkill, Account Manager, Centium, IA Co-Sourced Partner

### **1.2 Disclosures of Interest**

---

#### **Resolution**

34/2021(ARIC) *The Committee noted the report on Disclosures of Interest.*

35/2021(ARIC) *Arthur Butler declared a general interest as he is a member of the Audit, Risk and Improvement Committee for the Hunter and Central Coast Development Corporation and he will raise this as required if a conflict is present.*

36/2021(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 Election of Audit, Risk and Improvement Committee Chairperson**

---

#### **Resolution**

37/2021(ARIC) *The Committee resolved to appoint Carl Millington as Chairperson of the Committee for the period to 26 April 2023.*

38/2021(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.*

### **1.4 Introduction to David Farmer**

---

David Farmer, Chief Executive Officer provided the Committee with an introduction on his appointment to Council, challenges facing the organisation and his professional history as a local government CEO for 23 years.

### **1.5 Introduction to Arthur Butler**

---

New Independent ARIC member Arthur Butler introduced himself to the Committee and provided a brief overview of his relevant background and experience.

## **1.6 Confirmation of Minutes of Previous Meetings**

---

### **Resolution**

39/2021(ARIC) *The Committee confirmed the minutes of the previous meetings held on 10 March 2021 and 13 April 2021 noting the change to the resolution in Item 3.1 in the 10 March 2021 minutes as set out in ~~strikeout~~ and **bold** below.*

14/2021(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as:*

- a. *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; 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~~ **confidential information (such as an update on the General Audit process)** from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

40/2021(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.*

## **1.7 Outstanding Action Items**

---

### **Resolution**

In regard to Item 8.4 Tour of Council's Water and Sewer Assets, it was noted that whilst this is still on hold, an induction process should be considered for new Independent member Arthur Butler to bring him up to speed on the LGA and Council's assets.

41/2021(ARIC) *The Committee noted the report on Outstanding Action Items.*

42/2021(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.*

## **1.8 Council's Current Status**

---

David Farmer, Chief Executive Officer provided the Committee with an update on Council's current status including the financial situation and progress against the long term financial

plan which was part of the recovery program.

## **2 FINANCE**

### **2.1 General Finance update (standing item)**

---

David Farmer, Chief Executive Officer left the meeting for 10 minutes during discussion of this item.

Natalia Cowley, Director Corporate Affairs and Chief Financial Officer provided a General Finance verbal update including the following:

- A revaluation of Roads and Drainage assets as well as Water and Sewer assets is scheduled for 20/21 financial year.
- Substantial additional audit fees have been charged by the Audit Office in addition to the agreed annual fees due to overruns. The Audit Office has been requested to consider sharing the burden of these additional costs.
- Borrowings including refinancing of loans and external borrowings.
- Unrestricted cash position as at May 2021 per Fund.
- Land sales – currently underway with a number of properties under contract with settlements expected by the end of July and further properties for sale still under negotiation.

### **2.2 2020-2021 Q3 Business Report**

---

#### **Resolution**

43/2021(ARIC) *The Committee noted the report on 2020-2021 Q3 Business Report.*

44/2021(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.*

### **2.3 Administrator's Minute - Council's response to Auditor General's Local Government Report**

---

#### **Resolution**

45/2021(ARIC) *The Committee noted the report on Administrator's Minute - Council's response to Auditor General's Local Government Report.*

46/2021(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.*

## **2.4 Independent Pricing and Regulatory Tribunal (IPART) review of Council's water, sewerage and stormwater drainage services**

---

### **Resolution**

47/2021(ARIC) *The Committee noted the report on Independent Pricing and Regulatory Tribunal (IPART) review of Council's water, sewerage and stormwater drainage services.*

48/2021(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.*

## **2.5 Council's Asset Sales Program**

---

### **Resolution**

49/2021(ARIC) *The Committee noted the report on Council's Asset Sales Program.*

50/2021(ARIC) *The Committee recommended that 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.*

## **2.6 Sale of Land for Unpaid Rates**

---

### **Resolution**

51/2021(ARIC) *The Committee noted the report on Sale of Land for Unpaid Rates.*

52/2021(ARIC) *The Committee recommended that 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.*

## **3 INTERNAL AUDIT**

### **3.1 Chief Internal Auditor's Quarterly Progress Report**

---

#### **Resolution**

53/2021(ARIC) *The Committee noted the report on Chief Internal Auditor's Quarterly Progress Report.*

54/2021(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.*

### **3.2 Implementation of Management Actions Arising From Independent Reviews**

---

#### **Resolution**

55/2021(ARIC) *The Committee noted the report on Implementation of Management Actions Arising From Independent Reviews.*

56/2021(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.*

### **3.3 Internal Audit Balanced Scorecard Report**

---

#### **Resolution**

57/2021(ARIC) *The Committee noted the report on Internal Audit Balanced Scorecard Report.*

58/2021(ARIC) *The Committee recommended 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 as the nature or content of the report do not fall within any listed exceptions.*

### **3.4 IA Operational Plan 2021/22**

---

#### **Resolution**

59/2021(ARIC) *The Committee noted the report on IA Operational Plan 2021/22.*

60/2021(ARIC) *The Committee resolved that a cyber security audit should be undertaken for the IT element of the 2021/22 work program.*

61/2021(ARIC) *The Committee recommended 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 as the nature or content of the report do not fall within any listed exceptions.*

### **3.5 Update on changes affecting IM&T**

---

Jamie Beal, Unit Manager Information and Technology provided a verbal IM&T update including the following:

- IT Risk Position
- Current Status (Penetration Test, AO Management Letter, ASD8 and Red Team)
- Risk appetite
- Improvements
- IT general controls roadmap

### **Resolution**

62/2021(ARIC) *The Committee requested an assessment of performance against the Essential 8.*

63/2021(ARIC) *The Committee requested an update on the controls to manage the IT projects considering the impacts on IT.*

64/2021(ARIC) *The Committee requested an update on the crown jewels in terms of corporate data and how IT identifies and is managing this risk.*

## **4 EXTERNAL AUDIT**

### **4.1 Reports issued by the NSW Audit Office**

---

#### **Resolution**

65/2021(ARIC) *The Committee noted the Reports issued by the NSW Audit Office and welcome feedback from management on the actions proposed with regard to the ITGC management letter and the issues raised in the engagement closing report as well as a revision of the action dates.*

66/2021(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available:*

- a) *pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, as 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 confidential information (such as an the Engagement Closing Report) from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

### **4.2 Management Letter from NSW Audit Office - Information Technology General Controls Testing phase of Audit for year ended 30 June 2020**

---

#### **Resolution**

67/2021(ARIC) *The Committee noted the Management Letter from NSW Audit Office – Information Technology General Controls Testing phase for Audit for year*

*ended 30 June 2020 and welcome feedback from management on the actions proposed and the issues raised in the engagement closing report as well as a revision of the action dates.*

68/2021(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available:*

- a) pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, as 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 confidential information (such as Management Letters) from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

## **5 GOVERNANCE AND RISK**

### **5.1 Report from the Office of the Internal Ombudsman**

---

#### **Resolution**

69/2021(ARIC) *The Committee noted the Report from the Office of the Internal Ombudsman.*

70/2021(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78(a) of the Audit, Risk and Improvement Committee Charter.*

### **5.2 Governance activities update**

---

#### **Resolution**

71/2021(ARIC) *The Committee noted the report on Governance activities update.*

72/2021(ARIC) *The Committee recommended 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.*

### **5.3 Update on Public Inquiry**

---

#### **Resolution**

73/2021(ARIC) *The Committee noted the report on Update on Public Inquiry.*

74/2021(ARIC) *The Committee recommended 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 as the nature or content of the report do not fall within any listed exceptions.*

#### **5.4 Enterprise Risk Management Report - May 2021**

---

Stephen Bignill, Enterprise Risk Manager joined the meeting for Item 5.4 and left at the end of this discussion.

##### **Resolution**

75/2021(ARIC) *The Committee noted the report on Enterprise Risk Management Report - May 2021.*

76/2021(ARIC) *The Committee recommended that this report not be 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.*

#### **5.5 Audit, Risk and Improvement Committee Charter Update**

---

##### **Resolution**

77/2021(ARIC) *The Committee endorsed the Audit, Risk and Improvement Committee Charter that is Attachment 1 to this report in accordance with clause 8 of the Charter and adopted by Council in accordance with clause 9 of the Charter, subject to the inclusion of a Dispute Resolution clause being included.*

78/2021(ARIC) *The Committee also requested that the following be established for future meetings based on the Charter:*

- *Annual work plan to be developed.*
- *Meeting agendas to be reworked to ensure it aligns with the Charter and the obligations of the Committee.*

79/2021(ARIC) *The Committee recommended 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 as the nature or content of the report do not fall within any listed exceptions.*

#### **5.6 Update on Legal Matters**

---

Edward Hock, General Counsel, joined the meeting for item 5.6 and left at the end of this discussion.

##### **Resolution**

80/2021(ARIC) *The Committee noted the report on Update on Legal Matters.*

81/2021(ARIC) *The Committee recommended 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 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 PERFORMANCE**

### **6.1 Q3 2020/2021 - Complaints and Compliments Report**

---

#### **Resolution**

82/2021(ARIC) *The Committee noted the report on Q3 2020/2021 - Complaints and Compliments Report.*

83/2021(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 does not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **6.2 Organisational Performance update**

---

David Farmer, Chief Executive Officer noted that this had been covered in items 1.8 and 2.1.

### **6.3 Holiday Parks Internal Audit - 12 months update on Implementation Plan Recommendations**

---

#### **Resolution**

84/2021(ARIC) *The Committee noted the report on Holiday Parks Internal Audit - 12 months update on Implementation Plan Recommendations.*

85/2021(ARIC) *The Committee recommended 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 commercial information of a confidential nature that would, if disclosed confer a commercial advantage on a competitor of Council.*

**7 GENERAL BUSINESS**

**7.1 Potential information gaps of concern to ARIC members**

---

James Taylor, Section Manager Governance Services noted that Council are looking at using the experience of Committee Members to determine what other information they would like from Council to minimise the risk of any potential information gaps.

**Resolution**

86/2021(ARIC) *The Committee recommended that they work together with staff offline to develop an annual work plan and identify the responsibilities of the Committee which will in turn identify any potential information gaps.*

**The Meeting** closed at 6.04pm

**Next Meeting** Tuesday 14 September 2021  
9am – 12pm  
Microsoft Teams Meeting / Wyong Committee Room