



Central Coast Council

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

Held via *Microsoft Teams* on 6 November 2020,
Commencing at 2.03pm

Present

Dr Colin Gellatly (Chairperson)
Carl Millington
John Gordon
Dick Persson AM (left 2.30pm)

In Attendance

Mr Rik Hart	Interim Chief Executive Officer (left 3.55pm)
Boris Bolgoff	Director Roads, Transport, Drainage and Waste
Krystie Bryant	Executive Manager People and Culture
Natalia Cowley	Chief Financial Officer
Scott Cox	Director Environment and Planning (left 4.01pm)
Jamie Loader	Director Water and Sewer
Mark Margin	Acting Chief Information Officer (joined 3.53pm, left 4.17pm)
Ricardo Martello	Executive Manager Innovation and Futures (joined 2.28pm, left 3.57pm)
Julie Vaughan	Director Connected Communities (joined 2.17pm, left 2.50pm, joined 3.57pm)
Emma Roberts	General Counsel (joined 2.45pm, left 3pm, joined 3.50pm, left 4.02pm)
Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman (left 3.53pm)
Jade Maskiewicz	Assistant Internal Ombudsman (left 3.53pm)
Shane Sullivan	Unit Manager Governance and Business Services
James Taylor	Section Manager Governance
Zoie Magann	Advisory Group Support Officer
David Daniels	Audit Office of NSW
Alex Kaiser	Audit Office of NSW (joined 3.02pm, left 3.40pm)
Susan Loane	Audit Office of NSW (joined 3.02pm, left 3.40pm)
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: None

1.2 Disclosures of Interest

Resolution

126/2020(ARIC) The Committee received the report on Disclosures of Interest noting that there were no Disclosures of Interest.

127/2020(ARIC) The Committee recommends 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.

1.3 Confirmation of Minutes of Previous Meeting

Resolution

128/2020(ARIC) The Committee confirmed the minutes of the previous meeting held on 17 June 2020.

129/2020(ARIC) The Committee recommends 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

130/2020(ARIC) The Committee noted content of the report and acknowledged that there are no concerns about outstanding items.

131/2020(ARIC) The Committee recommends 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.

1.5 Progress of the 100 Day Plan

Natalia Cowley, Chief Financial Officer, spoke to the confidential late report that was circulated to Committee members at the beginning of the meeting regarding progress on Council's Business Recovery Plan (formerly known as 100 Day Plan).

Resolution

132/2020(ARIC) *The Committee noted the report and progress that is occurring as part of the Business Recovery Plan.*

133/2020(ARIC) *The Committee members agree to meet with the Administrator, Acting Chief Executive Officer and Chief Financial Officer to discuss the future direction of the Committee, with consideration of the Business Recovery Plan as required.*

134/2020(ARIC) *The Committee requested the Chief Financial Officer provide a progress report on the actions identified in the Business Recovery Plan to the next meeting.*

135/2020(ARIC) *The Committee recommends that this report and the supporting papers not be made publicly available 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.*

2 INTERNAL AUDIT

2.1 Chief Internal Auditor's Quarterly IA Progress Report

Resolution

136/2020(ARIC) *The Committee received the Chief Internal Auditor's Quarterly Progress Report.*

137/2020(ARIC) *The Committee agreed that an audit of IT Assets should feature in this year's audit program, replacing the original cybersecurity audit. The Committee requested a copy of the Terms of Reference for this review.*

138/2020(ARIC) *The Committee recommends that this report and supporting paper be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.*

2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews

Resolution

139/2020(ARIC) *The Committee received the report on the implementation of management actions arising from third line of defence reviews.*

140/2020(ARIC) *The Committee suggested a workshop be held with the Interim CEO, ELT and IA to determine and prioritise outstanding management actions and discuss management processes for improving internal controls. It was acknowledged that the workshop should only progress once the immediate priority of securing and stabilising Council's financial position has been resolved.*

141/2020(ARIC) *Pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Committee recommends that a 'confidential' privacy marking be assigned to Appendices 1-3 to this report for the reasons that they contain information about control weaknesses and system vulnerabilities that could compromise the "security of Council, Council Officials and Council property".*

2.3 IA Balanced Scorecard Report Sept 2020

Resolution

142/2020(ARIC) *The Committee received the Chief Internal Auditor's Balanced Scorecard Report.*

143/2020(ARIC) *The Committee recommends that this Report and supporting papers to this Report be made publicly available, pursuant to Clauses 78 & 79 of the Audit, Risk and Improvement Committee Charter.*

2.4 Internal Audit Year In Review 2019/2020

Resolution

144/2020(ARIC) *The Committee received the Internal Audit 'Year In Review' report providing a summary of deliverables against the 2019/20 IA work programme.*

145/2020(ARIC) *The Committee acknowledges the Chief Internal Auditor has undertaken significant work to finalise historic audits and commends efforts in this area.*

146/2020(ARIC) *The Committee endorsed combining the post October ARIC performance report (cl 47 of the ARIC Charter) with one of the reports to Council required under clause 49 of the ARIC Charter, to*

minimise the number of requests for contributing information from staff.

147/2020(ARIC) *The Committee recommends that this Report and the supporting papers to this Report be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.*

2.5 IA Annual Assurance Statement 2019/2020

Resolution

148/2020(ARIC) *The Committee received the IA Annual Assurance Statement for 2019/20 and accompanying information from the Chief Internal Auditor.*

149/2020(ARIC) *The Committee recommends that this Report and the supporting papers to this Report be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.*

3 EXTERNAL AUDIT

3.1 Update on External Audit Activities

Resolution

150/2020(ARIC) *The Committee noted the verbal update provided.*

151/2020(ARIC) *The Committee noted Council has requested an extension with NSW Audit Office with regard to lodgement of the 2019-20 Financial Statements given the current situation.*

3.2 Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions

Resolution

152/2020(ARIC) *The Committee noted the correspondence from the NSW Audit Office regarding the Performance Audit – Governance and Internal Controls over Local Infrastructure Contributions as at Attachment 1 to the report.*

153/2020(ARIC) *The Committee recommends that the report and the supporting papers 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 any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

**3.3 Warnervale Aircraft Landing Area Review (Phase 2) Final Report -
CONFIDENTIAL**

Resolution

154/2020(ARIC) The Committee noted the Warnervale Aircraft Landing Area Review (Phase 2) Final Report.

155/2020(ARIC) Pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Committee recommends that this Report and the supporting papers to this report not be made publicly available for the reasons that they contain personal information that could compromise the "security of Council, Council Officials and Council property".

4 IMPROVEMENTS

4.1 Service Review Update

Resolution

156/2020(ARIC) The Committee received the report on Service Review Update.

157/2020(ARIC) The Committee recommends that this report not be made publicly available pursuant to clause 78 of the ARIC Charter, as the information is confidential and unsuitable to be published at this stage due to a pending internal review.

5 GOVERNANCE

5.1 Report from the Office of the Internal Ombudsman

Resolution

158/2020(ARIC) The Committee received the report on Report from the Office of the Internal Ombudsman.

159/2020(ARIC) Pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Committee recommends that a 'confidential' privacy marking be assigned to this report for the reasons that it contains personal information that could compromise the security of Council, its officers and its property.

5.2 Governance and Risk activities update

Resolution

160/2020(ARIC) The Committee noted the report of Governance and Risk activities.

161/2020(ARIC) The Committee recommends 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 Legal Matters – CONFIDENTIAL

Resolution

162/2020(ARIC) The Committee received the report on Update on Legal Matters, noting some minor amendments to the figures reported.

163/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommends 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 IM&T

6.1 Update on Project Red – Penetration Testing

Mark Margin (Chief Information Officer) provided the Committee with a verbal update on the penetration testing undertaken as part of Project Red.

Resolution

164/2020(ARIC) *The Committee noted the verbal update provided on Project Red – Penetration Testing.*

6.2 Cyber Security Update - October 2020

Resolution

165/2020(ARIC) *The Committee received the report on Council’s Cyber Security and Phishing Training.*

166/2020(ARIC) *The Committee recommends 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 affecting the security of Council, Council Officials and Council property.*

7 CONNECTED COMMUNITIES

7.1 Gosford Regional Library

Resolution

167/2020(ARIC) *The Committee received the report on Gosford Regional Library Project.*

168/2020(ARIC) *The Committee recommends 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.*

7.2 Q4 2019/20 - Complaints and Compliments Report

Resolution

169/2020(ARIC) *The Committee received the report on Q4 2019/20 - Complaints and Compliments Report.*

170/2020(ARIC) *The Committee recommends 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 WATER AND SEWER

8.1 Mardi to Warnervale Pipeline Project Update

Resolution

171/2020(ARIC) *The Committee received the Mardi to Warnervale Pipeline Project Update, noting some minor amendments to the figures reported.*

172/2020(ARIC) *The Committee recommends that this report be made publicly available pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

8.2 IPART Update

Resolution

173/2020(ARIC) *The Committee received the report on Council's water, sewer and drainage pricing submission to IPART.*

174/2020(ARIC) *The Committee recommends that this Report not be made publicly available as the financial and risk management impacts are for internal reporting only and pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains information that is determined to be confidential or unsuitable to be published.*

9 PEOPLE AND CULTURE

9.1 Contingent Workforce Engagement Report

Resolution

175/2020(ARIC) *The Committee received the Report on Contingent Agency Hire Engagement, noting some minor amendments to the figures reported.*

176/2020(ARIC) *The Committee received the progress report on the Contingent Agency Hire Project and how this links to draft findings from the Internal Audit on 'Contractors and Temporary Labour Hire'.*

177/2020(ARIC) *The Committee received the investigation report regarding the Body Hire Arrangements in the Former Wyong Shire Council*

178/2020(ARIC) *The Committee requests that the Senior Internal Ombudsman provide an update on investigations regarding contingency workforce engagement at the next applicable meeting.*

179/2020(ARIC) *The Committee recommends that 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 to be confidential or unsuitable to be published.*

10 ENVIRONMENT AND PLANNING

10.1 Update on Environmental Management System Update

This item was deferred as requested by the Director Environment and Planning.

11 GENERAL BUSINESS

11.1 8 September 2020 Presentation by NSW Audit Office

Committee members were invited to attend a presentation by the Audit Office on 8 September 2020 regarding findings of the *NSW Audit Office Report on Local Government*. No further feedback was received.

11.2 Discussion re Format of Meetings – remote, hybrid or in person moving forward

Resolution

180/2020(ARIC) *The Committee determined to continue with hybrid meetings until otherwise determined, noting that it may be beneficial for Independent External Members to rotate in person attendance.*

181/2020(ARIC) *The Committee agreed to meet in person for any meetings held with the Administrator and Interim Chief Executive where possible.*

11.3 Update on Action Plan endorsed at the 17 June 2020 ARIC meeting

Resolution

182/2020(ARIC) *The Committee noted the report providing an update on the Action Plan on membership that was endorsed at the 17 June 2020 ARIC meeting, noting some amended timeframes.*

183/2020(ARIC) *The Committee recommend that the Unit Manager Governance and Business Services meet with the Administrator and Acting Chief Executive Officer to refine the process of recruitment and timeframes for member appointment, with a view to ensure stability and continuity.*

184/2020(ARIC) *The Committee recommended that the Acting Chief Executive Officer consider the inclusion of the Chief Financial Officer and Executive Manager People and Culture on the Interview Panel.*

185/2020(ARIC) *The Committee recommends that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

11.4 Draft Financial Statements 2019-20

Resolution

186/2020(ARIC) *The Committee requested the Chief Financial Officer report the draft Financial Statements for 2019-20 to the next Committee meeting if available, noting a request for extension has been lodged with the NSW Audit Office.*

The Meeting closed at 4.49pm.

Next Meeting Thursday 10 December 2020 (TBC)
2pm – 5pm
Microsoft Teams Meeting