



# **AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING**

**17 June 2020**

# Meeting Notice

**The Audit Risk and Improvement Committee Meeting  
of Central Coast Council  
will be held via Zoom on  
Wednesday 17 June 2020 at 2pm,  
for the transaction of the business listed below:**

## **GENERAL REPORTS**

1.2	Election of Audit, Risk and Improvement Committee Chairperson .....	3
2.2	Disclosures of Interest .....	9
2.3	Confirmation of Minutes of Previous Meeting.....	11
2.4	Outstanding Action Items .....	21
3.1	CIA Quarterly Progress Report .....	27
3.2	Management Actions Arising from IA and NSW Audit Office Reports.....	33
3.3	IA Balanced Scorecard Measures Cover Report.....	103
3.4	IA Four Year Work Programme & 2020/21 Operational Plan .....	113
3.5	Resourcing of the Audit Function .....	126
4.1	Holiday Parks Internal Audit.....	159
5.1	Report from the Office of the Internal Ombudsman .....	186
5.2	Update on Internal Ombudsman IT Investigation Recommendations .....	189
5.3	Audit, Risk and Improvement Committee Charter Update .....	194
5.4	Review of Actions - Council resolution .....	214
5.5	Governance and Risk activities update .....	218
5.6	OLG draft Risk Management and Internal Audit Framework for Local Councils.....	244
5.7	COVID-19 Council Actions .....	268
5.8	Self-Assessment Survey Action Plan .....	281
6.2	Cyber Security Update.....	287
7.3	Finance Update April 2020.....	297
8.1	Contingent Workforce Engagement Report .....	304

## **CONFIDENTIAL ITEMS (PROVIDED UNDER SEPARATE COVER)**

4.2	2020 Annual Engagement Plan (AEP)
5.9	Update on Legal Matters
7.2	Audit Office Final Management Letter for Year Ended 30 June 2019

Please note item numbers correspond to items as they appear on the Agenda (see pages 3-5)

Gary Murphy  
**Chief Executive Officer**

	ITEM	PAGE	TIME	RESPONSIBLE OFFICER
<b>1</b>	<b>Appointment and election of ARIC Chair</b>			
1.1	Reappointment of ARIC External Independent Members and new Councillors	-	2pm	Chief Executive Officer
1.2	Election of the ARIC Chair	3		Chief Executive Officer
<b>2</b>	<b>Introduction</b>			
2.1	Welcome, Acknowledgement of Country & Apologies	-		ARIC Chairperson
2.2	Disclosures of Interest	9		ARIC Chairperson
2.3	Confirmation of Previous ARIC Meeting Minutes	11		ARIC Chairperson
2.4	Outstanding Action Items	21		ARIC Chairperson
<b>3</b>	<b>Internal Audit</b>			
3.1	CIA Quarterly Progress Report	27	2:10pm 30 minutes	Chief Internal Auditor
3.2	Implementation of Management Actions arising from IA Reviews	33		Chief Internal Auditor
3.3	IA Balanced Scorecard Report	103		Chief Internal Auditor
3.4	IA Audit Schedule and Work Program	113		Chief Internal Auditor
3.5	Resourcing of the Audit Function (20/2020ARIC)	126		Chief Internal Auditor
<b>4</b>	<b>External Audit</b>			
4.1	Review by External Consultant on Holiday Parks (19/2020ARIC)	159	2:40pm 10 minutes	Unit Manager Business Enterprise
4.2	2020 Annual Engagement Plan (AEP)	Confidential Report	2:50pm 20 minutes	NSW Audit Office
4.3	Update on External Audit Activities	Verbal Update		NSW Audit Office

	ITEM	PAGE	TIME	RESPONSIBLE OFFICER
<b>5</b>	<b>Governance</b>			
5.1	SIO Quarterly Progress Report	186	3:10pm 15 minutes	Senior Internal Ombudsman
5.2	Update on SIO IT Investigation Recommendations (40/2020ARIC)	189		Senior Internal Ombudsman
5.3	Audit, Risk and Improvement Committee Charter Update (43/2020ARIC)	194	3:25pm 25 minutes	Unit Manager Governance and Business Services
5.4	Review of Actions – Council Resolution (Item 6.5 from 4 December 2019 meeting)	214		Unit Manager Governance and Business Services
5.5	Governance and Risk Activities Update	218		Unit Manager Governance and Business Services
5.6	OLG Framework Document Compliance Assessment	244		Unit Manager Governance and Business Services
5.7	COVID-19 Council Actions	268		Unit Manager Governance and Business Services
5.8	Audit, Risk and Improvement Committee Action Plan	281	Unit Manager Governance and Business Services	
5.9	Update on Legal Matters	Confidential Report	3:50pm 10 minutes	General Counsel
<b>6</b>	<b>IM&amp;T</b>			
6.1	Update from IM&T on integration of core systems (58/2020ARIC)	Verbal Update	4:00pm 15 minutes	Acting Chief Information Officer
6.2	Presentation on Cyber Security (including Australian Signals Directorate Essential Eight Review) (59/2020ARIC)	287		Acting Chief Information Officer
<b>7</b>	<b>Finance</b>			
7.1	Presentation by Grant Thornton: Financial Planning after COVID-19	Presentation	4:15pm 20 minutes	External Party presenting
7.2	Audit Office Final Management Letter for year ended 30 June 2019	Confidential Report	4:35pm 15 minutes	Acting Chief Financial Officer

ITEM		PAGE	TIME	RESPONSIBLE OFFICER
7.3	Finance Update April 2020	297	4.50pm 10 minutes	Acting Chief Financial Officer
<b>8</b>	<b>General Business</b>			
8.1	Update on Workforce Planning and Staff Arrangements	304	5:00pm 10 minutes	Executive Manager People and Culture
<b>9</b>	<b>Next Meeting</b>			
Tuesday 13 October 2020 in Gosford			5:10pm	ARIC Chairperson
Note: further meeting scheduled to take place in October/November 2020 – Date TBA (Finance Meeting for purpose of Financial Statements)				ARIC Chairperson
<b>Close</b>				ARIC Chairperson



**Item No:** 1.2  
**Title:** Election of Audit, Risk and Improvement Committee Chairperson  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13984624  
Author: Kelly Drover, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services

### **Report Purpose**

The purpose of this report is for the Audit, Risk and Improvement Committee to determine the appointment of a Chairperson.

### **Recommendation**

- 1 That the Committee resolve to conduct the election of a Chairperson in accordance with the recommendations set out in this report.**
- 2 That the Committee resolve to appoint (NAME) as Chairperson of the Committee for (inset period).**
- 3 That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

### **Context**

At the [26 July 2017 Ordinary Council Meeting](#), Council resolved, in part:

**242/17 That Council appoint Dr Colin Gellatly AO as the Chairperson of the Central Coast Council's Audit, Risk and Improvement Committee for the first term of the Committee given that the Committee has not held a meeting before and given the unique and significant audit and governance issues confronted during the post-merger period of newly formed Councils.**

The three independent members held the first ARIC meeting on [20 June 2017](#) at which they endorsed the ARIC Charter which was then adopted by Council at the [26 July 2017 Ordinary Council Meeting](#). This Charter stated that the three external members would be appointed, by resolution of Council, for a term of three years after which they will be eligible for extension or re-appointment following a formal review of their performance by Council.

## 1.2 Election of Audit, Risk and Improvement Committee Chairperson (contd)

---

The initial three-year appointment of the three Independent External Members expired on 26 April 2020, and a formal review (as required under Clause 15 of the ARIC Charter) was undertaken and presented to Council for consideration at the 27 April 2020 Ordinary Meeting.

At that meeting, Council resolved, in part:

**317/20** *That Council recognise the contribution of the three Independent External Members of Audit, Risk and Improvement Committee for their assistance and contribution over the past three years and make the following phased re-appointments:*

- a Dr Colin Gellatly (AO) be re-appointed for a period of one year;*
- b John Gordon be re-appointed for a period of two years; and*
- c Carl Millington be re-appointed for a period of three years.*

It is noted that the reappointment of Dr Gellatly for a period of 12 months coincides with the remaining time that he can serve as Chair of ARIC under clause 21 the [ARIC Charter](#).

The [ARIC Charter](#) states:

### ***The Chair***

*20. The Chair will be elected by the majority of the Committee's voting members and must be one of the Independent External Members.*

*21. The Chair must be appointed for one term only for a period of at least three years, with a maximum period of five years. The term of appointment for the Chair can be extended but any extension must not cause the total term to exceed five years as a Chair of the Committee.*

*22. Whenever the voting on a motion put to a meeting of the Committee is equal, the Chair of the Committee is to have a casting vote as well as an original vote.*

*23. If the elected Chair is not present at a meeting of the Committee, the first business of that meeting is for the Committee's voting members to elect a Chair from the Independent external members present.*

The [ARIC Charter](#) is silent on how the election of the Chair is to take place but it is recommended, as this meeting will be conducted via Skype, that this be undertaken by the following:

1. Nominations from the three Independent External Members for the Chairs will be called for by the Chief Executive Officer at the start of the meeting.

## **1.2 Election of Audit, Risk and Improvement Committee Chairperson (contd)**

---

2. Any Independent External Members interested in being appointed as the Chair will then need to indicate verbally to the Chief Executive Officer if they would like to stand for the position of Chairperson.
3. Once all nominations are received, the Chief Executive Officer will call for a vote of the whole Committee via presenting each nominee to the Committee and asking each member individually how they cast their vote. If there is only one nominee, they will be determined to be Chair.
4. A majority of voting ARIC members attending the meeting will determine who is appointed as the Chair.

The period of appointment of the Chair will also need to reflect the requirements in Clause 21 of the [ARIC Charter](#) which is set out above.

### **Attachments**

*Nil.*



**Item No:** 2.2  
**Title:** Disclosures of Interest  
**Department:** Governance

---



17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13916738

## Report Purpose

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the Councillors and relevant staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public functions.

Section 451 of the LG Act states in part that:

- (1) *A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*
- (2) *The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
  - (a) *at any time during which the matter is being considered or discussed by the council or committee, or*
  - (b) *at any time during which the council or committee is voting on any question in relation to the matter.*
- (3) *For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the Councillor or member has an interest in the matter of a kind referred to in section 448.*

Further, the [Code of Conduct](#) adopted by Council applies to all Councillors and Staff. The Code relevantly provides that if a Councillor or Staff member has a non-pecuniary conflict of interest, the nature of the conflict must be disclosed as well as providing for a number of ways in which a non-pecuniary conflict of interests might be managed.

## Recommendation

- 1** *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*

- 2 *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.*

**Attachments**

Nil



**Item No:** 2.3  
**Title:** Confirmation of Minutes of Previous Meeting  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13916761  
Author: Kelly Drover, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services

### **Report Purpose**

The purpose of this report is to confirm the minutes of the previous Audit, Risk and Improvement Committee meeting held on *17 March 2020*.

The minutes from 17 March 2020 were circulated to all Audit, Risk and Improvement Committee members by email on 31 March 2020.

Council's *Audit Risk and Improvement Committee Charter* states that all supporting papers to the meeting agendas will be released to the public on Council's website, unless such release would be contrary to the public interest. It is considered that the nature or content of this report and attachments do not fall within any of the exceptions listed under Clause 78 of the Charter and release to the public be approved.

### **Recommendation**

- 1** *That the Committee confirm the minutes of the previous meeting held on 17 March 2020 noting that they will subsequently be reported to Council on Monday 11 May 2020.*
- 2** *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.*

### **Attachments**

- 1** ARIC Minutes - 17 March 2020      D13904143



**Central Coast Council**

Minutes of the

**AUDIT RISK AND IMPROVEMENT COMMITTEE  
MEETING of Council**

Held via Skype on 17 March 2020 commencing at 2.10pm

**Present**

Dr Colin Gellatly (Chairperson)  
Carl Millington  
John Gordon  
Councillor Louise Greenaway  
Councillor Jeff Sundstrom

**In Attendance**

Gary Murphy	Chief Executive Officer
Mark Margin	Acting Chief Information Officer
Boris Bolgoff	Director Roads, Transport, Drainage and Waste
Craig Norman	Chief Financial Officer
Emma Roberts	General Counsel
Shane Sullivan	Unit Manager Governance and Business Services
Tina Baker	Chief Internal Auditor
Lilly Mojson	Senior Internal Ombudsman
Jade Maskiewicz	Assistant Internal Ombudsman
James Taylor	Section Manager Governance
Kelly Drover	Advisory Group Support Officer
Cassie Malone	Audit Office of NSW
Aaron Green	Audit Office of NSW
Penny Corkill	Account Manager, Centium, IA Co-Sourced Partner

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

## 1 INTRODUCTION

### 1.1 Welcome, Acknowledgement of Country and Apologies

---

The Chairperson, Colin Gellatly, declared the meeting open at 2.10pm and completed an Acknowledgement of Country.

Apologies Received: Councillor Doug Vincent

## GENERAL REPORTS

### 1.2 Disclosures of Interest

---

#### Resolution

*10/2020(ARIC) That the Committee receive the report on Disclosures of Interest.*

*11/2020(ARIC) John Gordon made a non-pecuniary interest disclosure that he is a member of the Healthcare Complaints Commission Audit, Risk and Improvement Committee.*

*12/2020(ARIC) 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 Meetings

---

#### Resolution

*13/2020(ARIC) That the Committee confirm the minutes of the previous meetings held on 4 December 2019 and 20 February 2020 noting that they will subsequently be reported to Council on Monday 27 April 2020.*

*14/2020(ARIC) 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

*15/2020(ARIC) That the Committee notes the report on Outstanding Action Items.*

*16/2020(ARIC) That an update be provided at the next meeting on Action Item 6.2 from the 4 December 2019 meeting in relation to the Reports on record keeping and procurement of contractors.*

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

**17/2020(ARIC) That this report and supporting papers 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.**

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

---

### **Resolution**

**18/2020(ARIC) That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.**

**19/2020(ARIC) That the Audit, Risk and Improvement Committee invite the Unit Manager, Business Enterprise to present to the next meeting (June 2020) on the outcome and management actions from the recent review by an external consultant on Holiday Parks.**

**20/2020(ARIC) The Committee notes that management is developing a plan to manage the event of an absence of the Chief Internal Auditor and an update to be provided at the next meeting.**

**21/2020(ARIC) That this report and supporting papers 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.**

## **2.2 Implementation of Management Actions Arising From IA Reviews**

---

### **Resolution**

**22/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on the Implementation of Management Actions arising from IA Reviews.**

**23/2020(ARIC) That an update be provided at the next meeting from Director Connected Communities on the 20 open actions for the Directorate.**

**24/2020(ARIC) That Management provide an update to the next meeting on the management of s94/94A contributions and the action still outstanding from the June 2016 IA report.**

**25/2020(ARIC) That the Audit, Risk and Improvement Committee note that management has agreed the organisation are working towards one system for the implementation of management actions and in the future unit managers will be invited to attend the Audit, Risk and Improvement Committee meetings to discuss closure of their items.**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

**26/2020(ARIC)** *That this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter but that Appendix 1 to the Report not be released to the public for the reasons that it contains information that could compromise the "security of Council, Council Officials and Council property".*

### **2.3 Internal Audit Balanced Scorecard Report**

---

#### **Resolution**

**27/2020(ARIC)** *That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.*

**28/2020(ARIC)** *That this report and supporting papers 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 Internal Audit Charter Update**

---

#### **Resolution**

**29/2020(ARIC)** *That the Audit, Risk and Improvement Committee approve the revised internal Audit Charter as presented at the meeting.*

**30/2020(ARIC)** *That this report and supporting papers 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.*

### **3.1 Central Coast Council and Central Coast Council Water Supply Authority 2019 Audit Reports (CONFIDENTIAL)**

---

#### **Resolution**

**31/2020(ARIC)** *That the Committee receive the Central Coast Council 2019 Audit Reports.*

**32/2020(ARIC)** *That the Committee receive the Central Coast Council Water Supply Authority 2019 Audit Reports.*

**33/2020(ARIC)** *That this 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*

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

*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.*

#### **4.1 COVID-19 Council Readiness**

---

Shane Sullivan (Unit Manger Governance and Business Services) provided an update on the Pandemic Continuity Management Team who have confirmed Council is currently at a moderate risk level and have determined the benchmark for extreme. There is also a Tactical Team to implement the decisions of the Pandemic Continuity Management Team and both teams are meeting on a daily basis.

Gary Murphy (Chief Executive Officer) advised that a remote working test will be held Friday 20 March 2020. Staff who are able to work from home will be asked to work remotely on Friday to test essential business functions.

#### **Resolution**

**34/2020(ARIC) That the Committee note the report on COVID-19 Council Readiness.**

**35/2020(ARIC) That a weekly update be provided to the Audit, Risk and Improvement Committee on the COVID-19 situation.**

**36/2020(ARIC) That this report and supporting papers 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.**

#### **5.1 Governance Dashboard - current status**

---

#### **Resolution**

**37/2020(ARIC) That a meeting be organised for the Audit, Risk and Improvement Committee to view the Dashboard as it is currently prepared and provide comment for future development and improvement.**

**38/2020(ARIC) That this report and supporting papers 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.**



Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

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

---

##### **Resolution**

**39/2020(ARIC) That the Committee receive the report from the Office of the Internal Ombudsman.**

**40/2020(ARIC) That an update be provided at the next meeting on the progress of the outstanding recommendations in regard to investigations completed by the Internal Ombudsman.**

**41/2020(ARIC) 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 about matters affecting the security of Council, Council Officials and/or Council property.**

#### **6.2 Internal Ombudsman Charter**

---

##### **Resolution**

**42/2020(ARIC) That the Committee receive the report and endorse the draft Internal Ombudsman Charter.**

**43/2020(ARIC) That a provision be included in the Internal Ombudsman Charter that the Internal Ombudsman will meet with the members of the Audit, Risk and Improvement Committee annually In-Camera, or as arranged with the Committee, without the presence of management AND that the Audit, Risk and Improvement Committee Charter be amended, in identical terms, to provide for this In-Camera meeting.**

**44/2020(ARIC) That this report provided to this meeting by the Senior Internal Ombudsman and the supporting papers provided 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.**

#### **6.3 Timeline of organisation's constitution changes and implications**

---

##### **Resolution**

**45/2020(ARIC) That the Committee note the report on Timeline of organisation's constitution changes and implications.**

**46/2020(ARIC) That the report and 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 about**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

*matters affecting the security of Council, Council Officials and/or Council property.*

#### **6.4 Update on Council's Data Breach Policy and Procedures**

---

##### **Resolution**

**47/2020(ARIC) That the Committee receives the report on the draft Central Coast Council's Data Breach Policy and Procedures.**

**48/2020(ARIC) That this report and supporting papers 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.**

#### **6.5 Governance and Risk activities update**

---

##### **Resolution**

**49/2020(ARIC) That the Committee note the report on Governance and Risk activities.**

**50/2020(ARIC) That an update on Governance and Risk activities be provided at all future Audit, Risk and Improvement Committee meetings.**

**51/2020(ARIC) That this report and supporting papers 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.**

#### **6.6 Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report**

---

##### **Resolution**

**52/2020(ARIC) That the Committee receive the Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report.**

**53/2020(ARIC) That this report and supporting papers 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.**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

#### **6.7 Probity Advice Policy**

---

##### **Resolution**

**54/2020(ARIC) That the Committee receives the report on the draft Probity Advice Policy.**

**55/2020(ARIC) That this report and supporting papers 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.**

#### **6.8 Update on Legal Matters**

---

##### **Resolution**

**56/2020(ARIC) That the Committee receives the report on Update on Legal Matters.**

**57/2020(ARIC) That the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, as these documents:**

- a) May contain advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings 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.**

#### **7.1 Update from IM&T**

---

Mark Margin (Acting Chief Information Officer) provided a verbal update from IM&T.

##### **Resolution**

**58/2020(ARIC) That an update be provided at the next meeting on the integration of core systems.**

**59/2020(ARIC) Chief Information Officer to provide the Audit, Risk and Improvement Committee with a copy of the Essential Eight Report and an assessment of this report at a future meeting.**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 March 2020  
contd

---

### **9.1 Update on Audit Office 2018-19 interim management letter actions**

---

#### **Resolution**

**60/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on Audit Office 2018-19 Interim Management Letter actions.**

**61/2020(ARIC) That this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter but that Appendix 1 to the Report not be released to the public for the reasons that it contains information that could compromise the "security of Council, Council Officials and Council property".**

#### **GENERAL BUSINESS**

### **10.1 Continuing WHS issues relating to Ordinary Council Meetings**

---

A discussion was held around continuing WHS issues relating to Ordinary Council Meetings and concerns regarding recent meetings.

A risk assessment was undertaken by staff resulting in meetings being only held in the Wyong Chambers until further notice. Numbers will also be limited in regard to attendance and public speakers are required to register prior to the Council Meeting.

#### **Resolution**

**62/2020(ARIC) That the Audit, Risk and Improvement Committee note the concerns surrounding WHS issues at Ordinary Council Meetings and the measures being put in place to address these issues.**

### **10.2 Notice of Motion – Nine Million (\$9,000,000) Agency Agreements / Body Hire**

---

The Committee discussed a Notice of Motion from the 9 March 2020 Ordinary Council Meeting on Agency Agreements and Body Hire.

#### **Resolution**

**63/2020(ARIC) A copy of the report from the Chief Executive Officer to Council on Agency Agreements / Body Hire to be provided to the Audit, Risk and Improvement Committee.**

**The Meeting** closed at 4.50 pm.

**Next Meeting:** Wednesday 17 June 2020  
2pm – 5pm  
Wyong Committee Room  
2 Hely Street, Wyong



**Item No:** 2.4  
**Title:** Outstanding Action Items  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14007330  
Author: Kelly Drover, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services

### **Report Purpose**

A review of the Outstanding Action Items from previous meetings.

### **Recommendation**

- 1 That the Committee notes the report.**
- 2 That the Committee makes a recommendation that 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.**

### **Key**

**Green** = completed items;  
**Blue** = on agenda for 17 June 2020 meeting;  
**White** = still pending (not overdue); and  
**Red** = overdue

In summary there are:

21 Actions

- 8 Actions have been completed
- 2 Actions are not yet completed and are not overdue
- 1 Action is not completed and is overdue
- 10 Actions will be completed as a result of being on the agenda for this meeting

## 2.4

## Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
8.4	1/10/2019	A tour of Council's Water and Sewer Assets for the independent committee members to be scheduled for the week commencing 9 December 2019.	Director Governance	Tour was scheduled for 5 June 2020 however due to the situation with COVID-19, this has been postponed to November/December 2020.
2.4	4/12/2019	That the Chief Internal Auditor includes an indication of staff hours required for each review identified in the Audit Schedule and Work Program.	Chief Internal Auditor	To be provided as a verbal update at the June 2020 ARIC meeting.
6.5	4/12/2019	That an Integrity and Ethical Standards Unit Update report be provided to the ARIC meeting to be held on 17 June 2020 on the reviewing the activities undertaken and how they deliver the desired outcomes noting this will be reported to Council for consideration.	Director Governance	Update to be provided at 17 June 2020 meeting.
8.1	4/12/2019	That a further report on internal complaints be brought back to the Committee, including a flow chart on the complaint process.	Chief Internal Auditor	To be provided as a verbal update at the June 2020 ARIC meeting is it will depend on whether the audit report has been finalised.
7/2020(ARIC) Item 3.1	20/02/2020	That an update be provided on the status of actioning the matters raised in the Interim Management Letter at the 17 March 2020 Audit, Risk and Improvement Committee Meeting	Chief Financial Officer	Action is closed - this line will now be hidden and not included the Action List in future meetings.

## 2.4 Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
8/2020(ARIC) Item 3.1	20/02/2020	That the Committee approve Internal Audit receiving a copy of Interim Management Letters and that they be included in the Audit Tracker.	Director Governance	Action is closed - this line will now be hidden and not included the Action List in future meetings.
9/2020(ARIC) Item 3.1	20/02/2020	That the Committee hold and In-Camera meeting with the NSW Audit Office.	The Committee	Action is closed - this line will now be hidden and not included the Action List in future meetings.
16/2020(ARIC) Item 4.1	17/03/2020	That an update be provided at the next meeting on Action Item 6.2 from the 4 December 2019 meeting in relation to the <u>Reports on record keeping and procurement of contractors.</u>	Chief Internal Auditor and Senior Internal Ombudsman	To be provided as a verbal update at the June 2020 ARIC meeting.
19/2020(ARIC) Item 2.1	17/03/2020	That the Audit, Risk and Improvement Committee invite the Unit Manager, Business Enterprise to present to the next meeting (June 2020) on the outcome and management actions from the recent review by an external consultant on Holiday Parks.	Unit Manager, Business Enterprise	Update to be provided at 17 June 2020 meeting.
20/2020(ARIC) Item 2.1	17/03/2020	The Committee notes that management is developing a plan to manage the event of an absence of the Chief Internal Auditor and an update to be provided at the next meeting.	Chief Internal Auditor in consultation with Chief Executive Officer	Update to be provided at 17 June 2020 meeting.

## 2.4

## Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
23/2020(ARIC) Item 2.2	17/03/2020	That an update be provided at the next meeting from Director Connected Communities on the 20 open actions for the Directorate	Director Connected Communities	Director Connected Communities was not made aware of action due to oversight, so item has been deferred to October meeting.
24/2020(ARIC) Item 2.2	17/03/2020	That Management provide an update to the next meeting on the management of s95/94A contributions and the action still outstanding from the June 2016 IA report.	Director Environment and Planning	Item moved to October 2020 meeting.
35/2020(ARIC) Item 4.1	17/03/2020	That a weekly update be provided to the Audit, Risk and Improvement Committee on the COVID-19 situation.	Unit Manager Governance and Business Services	Action is closed - this line will now be hidden and not included the Action List in future meetings.
37/2020(ARIC) Item 5.1	17/03/2020	That a meeting be organised for the Audit, Risk and Improvement Committee to view the Dashboard as it is currently prepared and provide comment for future development and improvement.	Unit Manager Governance and Business Services	Update provided by Skype presentation 28 April 2020.  Action is closed - this line will now be hidden and not included the Action List in future meetings.
40/2020(ARIC) Item 6.1	17/03/2020	That an update be provided at the next meeting on the progress of the outstanding recommendations in regard to investigations completed by the Internal Ombudsman.	Senior Internal Ombudsman	Report to be tabled at 17 June 2020 meeting with an update on recommendations.



## 2.4

## Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
43/2020(ARIC) Item 6.2	17/03/2020	That a provision be included in the Internal Ombudsman Charter that the Internal Ombudsman will meet with members of the Audit, Risk and Improvement Committee annually In-Camera, or as arranged with the Committee, without the presence of management AND that the Audit, Risk and Improvement Committee Charter be amended, in identical terms, to provide for this In-Camera meeting.	Senior Internal Ombudsman  Unit Manager Governance and Business Services	Report to be provided at 17 June 2020 meeting.
45 and 46/2020(ARIC) Item 6.3	17/03/2020	Local Organisation Constitutional Changes - Clr Greenaway wanted the Chief Executive Officer's specific comment on the comment made in the last sentence of the email to the Director of Governance dated 1 November 2019 which appears on page 89 of the 17 March 2020 ARIC Business Paper	Chief Executive Officer	Action is closed - this line will now be hidden and not included the Action List in future meetings.
50/2020(ARIC) Item 6.5	17/03/2020	That an update on Governance and Risk activities be provided at all future Audit, Risk and Improvement Committee meetings.	Unit Manager Governance and Business Services	Action is closed - this line will now be hidden and not included the Action List in future meetings.
58/2020(ARIC) Item 7.1	17/03/2020	That an update be provided at the next meeting on the integration of core systems.	Acting Chief Information Officer	Update to be provided at 17 June 2020 meeting.

## 2.4

**Outstanding Action Items (contd)**

Item	Meeting Date	Action	Responsible Officer	Status
59/2020(ARIC) Item 7.1	17/03/2020	Chief Information Officer to provide the Audit, Risk and Improvement Committee with a copy of the Essential Eight Report and an assessment of this report at a future meeting.	Acting Chief Information Officer	Update to be provided at 17 June 2020 meeting.
63/2020(ARIC) Item 10.2	17/03/2020	A copy of the report from the Chief Executive Officer to Council on Agency Agreements / Body Hire to be provided to the Audit, Risk and Improvement Committee.	Unit Manager Governance and Business Services	Action is closed - this line will now be hidden and not included the Action List in future meetings.

**Attachments**

Nil



**Item No:** 3.1  
**Title:** CIA Quarterly Progress Report  
**Department:** Chief Executive Officer's Unit

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14011417  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

## **Report Purpose**

The *Chief Internal Auditor's (CIA) Quarterly Progress Report* forms part of the standard suite of reports presented by Internal Audit to each ordinary meeting of the Audit, Risk and Improvement Committee (ARIC).

## **Summary**

A report on the activities of Internal Audit since the last update to the Audit, Risk and Improvement Committee on 17 March 2020.

## **Recommendation**

- 1 That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.**
- 2 That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

## **Context**

### **1. IA FRAMEWORK – ASSURANCE SERVICES**

#### **Progress Against Agreed Schedule of Audits**

1.1 All the audits that formed part of the 2019-20 IA work programme are either complete or in progress. Appendix 1 provides a status update for each review. Since the last ARIC meeting, **two** reports were issued in final, although the one pertaining to Contract Management had to be retracted due to an error in the management actions table. At the time of writing, the management response to the correction has not been received. The report relating to the Complaints Management review is currently in draft. As is standard practice, all members of the Audit, Risk and Improvement Committee members will be issued with copies of the IA reports when they have been finalised. Consequently, this report contains just a summary of the key issues from each finalised report.

#### **Audit Reports Finalised:**

- 01/19-20 Councillor Allowances, Facilities and Expenses

#### **Audit Reports In Draft:**

- 02/19-20 Contract Management (reissued in draft due to error)
- 03/19-20 Complaints Management

#### **Audits Underway**

- 04/19-20 Leadership Team Allowances, Facilities and Expenses – fieldwork complete. Close out meeting scheduled for 15/6/20
- 05/19-20 IT Governance - fieldwork underway
- 06/19-20 Procurement Cards, Store Cards, Store Accounts, Gift Cards (and other credit style accounts) – on hold due to other priorities of Chief Internal Auditor
- 07/19-20 Contractors, Temporary and Contingent Labour Hire – fieldwork underway
- 01/20-21 Water Quality and Supply Management - work plan drafted; terms of reference being drafted. Note this forms part of the 2020/2021 schedule of audits

#### **Summary of Key Issues from Finalised Audits**

1.2 The report relating to the audit of *Councillor Allowances, Facilities and Expenses* was issued this quarter. The following extracts from the report, summarise the key findings:

*Overall compliance with the Policy was high. No evidence was found to indicate that Councillors were being provided with goods or reimbursed for claims that were outside the Policy and there is a process of referral to the Director, Governance for disputed claims. It was noted that some Councillors had made a conscious decision not to claim any expenses due to public perception and even those who do claim, are claiming well within the set limits. Consequently, the number and value of claims is low. Issues identified through the audit that are considered to present a high risk exposure to Council relate to reconciliation of claims and payments, accuracy of reporting and annual statements. There are opportunities for improvement around reconciling claims and information reported and there is still a degree of paper-based processing within Councillor Services reducing the efficiency of the process. Addressing the issues raised will assist Management to ensure a robust, well controlled and efficient system is in place for the next term of Council, such that a significant increase in claims and challenges could be managed sufficiently and effectively without a breakdown in information integrity or compliance with Policy provisions.*

#### **Validation and Follow Up**

1.3 Word documents and Excel spreadsheets are still being utilised and it is increasingly cumbersome and time-consuming to present the information required to a reasonable standard level of reliability, especially with the addition of the NSW Audit Office open

### 3.1 CIA Quarterly Progress Report (contd)

---

actions. The NSW Audit Office issues, recommendations and management responses have been incorporated into the Word tables and Excel spreadsheet.

- 1.4 IM&T are still considering a corporate solution, capable of being used to track actions relating to reviews conducted by different parties, including the Audit Office, Internal Audit, the Internal Ombudsman, external consultants, and other third-party agencies as part of Council's third line of defence. A single database/tracking system will facilitate consolidated and separate reporting, a single point capturing all management actions, the risk profile of specific systems based on multiple review outcomes and single point progress tracking.
- 1.5 Consideration was given to the situation regarding management actions and the number of broken controls/risk exposures as identified through IA, NSWAO, IO and other independent reviews. Discussions were held with the Innovation and Futures manager to determine how their business improvement remit might help close the risk/audit/improvement loop. More information is provided in the *Implementation of Management Actions* report provided to the Committee.

## 2. IA FRAMEWORK – CONSULTING & ADVISORY ACTIVITIES

### **Stakeholder Engagement**

- 2.1 In early May it came to light that the Council submission relating to the Office of Local Government's (OLG) discussion paper "*A New Risk Management and Internal Audit Framework for Local Councils in NSW*" was not actually sent (the deadline was 31 December 2019). The Chief Internal Auditor discussed the situation with OLG and it was agreed that Council's submission would still be considered and this was provided to OLG on 7 May 2020.
- 2.2 Provided feedback on the draft services catalogue being prepared by the Innovation and Futures Team.
- 2.3 Compiled and issued detailed guide to strategic planning team on risks relating to direct negotiations for works in kind, relating to s94 contributions.
- 2.4 Contributed to Fraud risk register review and completed relevant sections of Governance Healthcheck.
- 2.5 Provided information to NSW Audit Office as part of their annual financial review work.
- 2.6 Produced *Interim Staffing Solutions* paper for displaced staff to take up 2 full-time roles in IA for duration of redeployment.
- 2.7 The Local Government IA Network conference is being held online and is being hosted by Council on 24 July 2020. The event is being co-ordinated and organised by the Chief Internal Auditor.

### 3. IA FRAMEWORK – QUALITY AND PERFORMANCE

#### **Monitoring and Measuring the Performance of the IA Function**

3.1 IA customer satisfaction surveys were issued for the audits of contract management and councillor expenses.

#### **Continuous Improvement**

3.2 Two staff from Libraries have been redeployed to IA until the end of July. They have been working on populating the management actions tables with NSWAO actions, seeking management responses, updating the master tables, reconciling with the data spreadsheet and formatting the information. Also filing audit working papers in Content Manager and updating the IA Register of Reports.

3.3 The planning days with Centium have been suspended. Whilst the project plan was desirable and ambitious, resource limitations allow little, if any time, for any work under the IA Framework other than delivery of the audit schedule and essential reporting to ARIC.

3.4 Took part in focus group with IIA to help develop the agenda for the 2020 IIA-Australia Local Government Assurance Forum.

3.5 A comprehensive paper has been prepared for the Committee relating to IA Resources which provides full details of the IA Framework, the imperative for the 4 different elements under the Framework (including how this links in with the OLG proposals set down in their paper "A New Risk Management and Internal Audit Framework for Local Councils in NSW") and the levels of service that can be provided in accordance with different levels of resourcing.

#### **Professional Development**

3.6 The Chief Internal Auditor contributed to and is cited in Bruce Turner's latest book Team Leader's Guide To Internal Audit Leadership scheduled for publication in June 2020.

3.7 Attended webinars on:

- Cyber Security Strategy and ISMS Policies (City of Parramatta Council)
- Business Continuity – Resilience and Managing Conduct (Centium)

3.8 A link to the Centium webinar was also provided to the ARIC members, Executive and Unit Managers.

### 4. IA FRAMEWORK – RISK ANALYSIS & AUDIT WORK PROGRAMMING

4.1 All audits and audit reports going forward will make reference to any relevant risks as captured in the organisational risk registers. The process to determine the strategic (4

### **3.1 CIA Quarterly Progress Report (contd)**

---

year) audit work programme is currently too time consuming and information/data that was previously easily accessible is now difficult to access or source. A new model is being developed and the IA Register of Reports will inform this.

### **5. CONCLUSION**

5.1 The delivery of audits as per the work schedule is progressing well. Delivery of the work programme under the other elements of the IA Framework is limited due to resourcing constraints.

Appendix 1 shows progress of audits and reports finalised so far this year.

### **Attachments**

- 1 Appendix 1 CIA Quarterly Progress Report to ARIC June 2020 D14011410

## INTERNAL AUDIT: PROGRESS REPORT (as at end May 2020)

### 2019/20 Reports Issued

Report No	Report Title	Notes
03/17-18	Procurement of IT Goods	Part of 2017/18 audit programme but draft report only finalised in 2019/20
06/17-18	Cash Management in Waste Services	Part of 2017/18 audit programme but draft report only finalised in 2019/20
07/17-18	Seniors Centres	Part of 2017/18 audit programme but draft report only finalised in 2019/20
08/17-18	Cash Management in Libraries	Part of 2017/18 audit programme but draft report only finalised in 2019/20
02/18-19	NHV Accreditation 2017-2018	Part of 2018/19 audit programme but draft report only finalised in 2019/20
01/19-20	Councillor Facilities, Allowances & Expenses	Issued 9/04/20

### 2019/20 Audit Schedule

Report No	Report Title	Status
02/19-20	Contract Management	Final report issued 19/5/20. Retracted 22/05/20 due to error in management actions table. Management have until 05/06/20 to provide response.
03/19-20	Complaints Management	Fieldwork complete. Draft report currently being reviewed.
04/19-20	ELT/Leadership Team Facilities, Allowances & Expenses	Fieldwork complete. Close out meeting scheduled for 15/06/20
05/19-20	IT Governance	This replaced the Cybersecurity & Fraud Prevention review in the original audit plan. Fieldwork underway,
06/19-20	Procurement Cards, Store Cards, Store Accounts, Gifts Cards and Other Credit Style Accounts	This was an additional review agreed by ARIC in light of information emerging from Staff and Councillor Expenses reviews. Fieldwork underway.
07/19-20	Contractors, Temporary and Contingent Labour Hire	Fieldwork underway.
01/20-21	Water Quality and Supply Management	PLANNING STAGE ONLY (formed part of 2020/21 audit plan, still to be endorsed by ARIC).





**Item No:** 3.2  
**Title:** Management Actions Arising from IA and NSW Audit Office Reports  
**Department:** Chief Executive Officer's Unit

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14015804  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

## Summary

The report on *Implementation of Management Actions Arising From IA Reviews* forms part of the standard suite of reports presented by the Chief Internal Auditor to the quarterly ordinary meeting of the Audit, Risk and Improvement Committee.

This report is provided to the Committee to help meet section 39 of their Charter obligations, which states: "The Committee is responsible for: *[inter alia]*

- d) reviewing all audit reports and considering significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices;
- e) monitoring the implementation of internal audit recommendations by management".

## Recommendation

- 1** *That the Audit, Risk and Improvement Committee receive the report on the implementation of management actions arising from IA reviews.*
- 2** *That the Audit, Risk and Improvement Committee consider the introduction of a process to require management to submit a remediation project plan along with management responses to IA reports, to indicate how the identified issues will be addressed, in what timeframe and how this will be managed in line with the operational activities of the unit.*
- 3** *Pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee consider assigning a 'confidential' privacy marking to Appendices 2 and 3 to this report for the reasons that they contain information that could compromise the "security of Council, Council Officials and Council property".*

## 3.2 Management Actions Arising from IA and NSW Audit Office Reports (contd)

---

### Background

When IA reviews identify a control weakness, the risk exposure is reported and recommendations to mitigate the risk are captured in a written report along with responses and any corrective action agreed by management.

Management nominate a date by which their agreed action will be implemented in accordance with their own operational priorities. The recommendations and management responses are now being captured in the Audit Task Tracker system. The Audit Task Tracker is not yet accessible to staff as there are still a number of technical changes to be implemented. Once these have been actioned, staff should be able to update their actions when appropriate, rather than when formally commissioned by IA.

Management updates, implementation of the agreed or partially agreed actions are reported by the Chief Internal Auditor to the Audit, Risk and Improvement Committee on a quarterly basis.

This is the first report provided to the ARIC which also includes the actions arising from NSW Audit Office (NSWAO) reports. It is highlighted for the attention of the Committee that there are other management actions, such as those arising from Internal Ombudsman investigations and external consultant reviews that are not captured in this report or tracked by IA. Consequently, this only reflects the situation relating to IA and Audit Office reports.

IM&T department are currently investigating solutions for a corporate tracking system to enable all management actions arising from third party/independent reviews and or investigations to be captured in one system for the purposes of tracking, updating and reporting.

### Current Status of Actions Arising From IA Reviews

During this quarter:

- **17** actions were added
- management closed **7 actions**
- **43** actions remain open

In line with the request from ARIC, Appendix 1 provides a dashboard showing the status of actions.

The detailed tables at Appendix 2 shows the findings and recommendations for each review, the originally agreed implementation dates and most recent management updates, including those for closing out the **7** items since the last report. These tables also capture the NSWAO recommendations and associated management responses.

### 3.2 Management Actions Arising from IA and NSW Audit Office Reports (contd)

---

#### Current Status of Actions Arising from NSWAO Reports

For the purposes of completeness, all the individual NSW Audit Office recommendations have been captured separately and are shown in the tables at Appendix 2 and reported separately here.

There were **128** actions arising from the Interim and Final Phase audit NSWAO reports and the Local Infrastructure Contributions reports, all of which have been provided previously to the Committee.

Of the 128 NSWAO recommendations:

- **49** have been closed
- **49** are not yet due
- **7** are overdue by 1-6 months
- **23** had no action date assigned by management

There are **79** open actions arising from NSWAO reports.

#### Departmental Headline Data

The status of open actions are with the following departments:

	IA Reviews	NSWAO Reports
Finance	6	44
IM&T	0	12
Governance	17	3
People & Culture	4	5
Connected Communities	16	0
Roads, Transport, Drainage & Waste	0	2
Environment & Planning	0	13
TOTAL:	43	79

#### A Proposed Way Forward

It can be discerned from the tables at appendix 2 and the individual reports themselves, that the issues being highlighted in IA and NSWAO reports are not insignificant and often indicate the weakness of quite basic controls in high risk systems and processes. The summary paper entitled *Management Actions – What Is The Problem?* at Appendix 3 to this report illustrates the issues and the risks that this presents.

The summary paper also indicates a number of solutions, some of which are in train already. Having considered the problem, the Chief Internal Auditor is proposing the following:

### **3.2 Management Actions Arising from IA and NSW Audit Office Reports (contd)**

---

- along with their management responses, which are captured in the final IA report, management are required to produce a project/remediation plan which will address the issues raised in the IA report and any other system/process improvements considered appropriate. The plan is to clearly set down along a project timeline, what action management is going to undertake and by when and whom, within their existing resourcing. This will form part of the unit's operational plan for the relevant time period until all actions are complete and remediation plan updates should be provided as part of the quarterly reporting to ARIC, to be included in this report.

**The Committee are asked to consider this proposal and advise the CEO and Chief Internal Auditor of the outcome of their deliberations.**

#### **Conclusions**

It is incumbent upon management (at all levels) to ensure controls are effectively mitigating the associated risks and that systems/processes are operating efficiently and cost-effectively. It can be discerned from management comments in the actions table whether audit recommendations are being considered as making an important contribution to strengthening systems and process controls or whether they are perceived as an additional set of management tasks that seem to sit outside of operational business as usual.

The commitment to improving controls and effectively managing risks through the timely implementation of agreed actions and process improvements are basic management responsibilities and a key component of sound, organisational governance. Whilst actions remain outstanding, the organisation remains exposed to the identified risks unless other mitigating controls are implemented. In addition, it is the responsibility of management to determine whether appropriate action has been undertaken in a timely way and to a sufficient degree to manage down the risk exposure to a more acceptable level to warrant the closure of the action.

Senior management are advised that they are accountable in the event that items have been closed off but the mitigating action has not actually been undertaken and the identified risk crystallises. It is also the responsibility of senior management to determine what action or intervention should be taken in the event of overdue actions and to ensure that action taken to close out an item is appropriate to address the risk and issue highlighted by the audit finding.

The proposed remediation/project plan concept is a way to improve this situation and bring system improvements and the strengthening of management controls in to the operational activities of the responsible unit, rather than being treated as a separate action to be undertaken in isolation at some future date.

The Audit, Risk and Improvement Committee are encouraged to use the information in IA reports, this report and the accompanying tables to:

### 3.2 Management Actions Arising from IA and NSW Audit Office Reports (contd)

---

- ensure they are satisfied that the management responses on closed actions sufficiently address the audit issues and risks highlighted;
- identify any specific strategic or operational activities they would like to discuss with management at future meetings in respect of risk mitigation measures and system/process improvements;
- form a view on the control framework and advise Council and the CEO accordingly, in line with ARIC Charter obligations section 4.2, namely:
  - Reviewing whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
  - Reviewing whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
  - Progressively reviewing whether appropriate processes are in place to assess compliance with policies and procedures;
  - Reviewing the annual performance of Council against the key performance indicators documented in the Operational Plan, and providing advice to the Chief Executive Officer on the adequacy of Council's performance against these indicators;
  - Reviewing whether appropriate policies and procedures are in place for the management and exercise of delegations; and
  - Reviewing whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

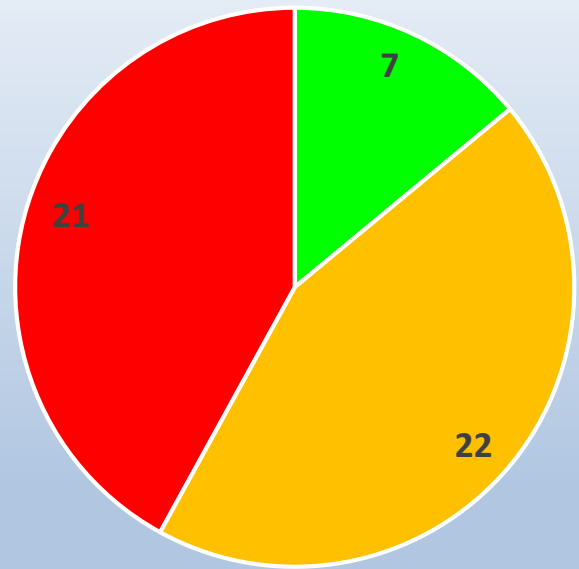
The suggestion for a remediation plan is intended to help strengthen accountability in this regard. This will also complement the previously agreed process of Directors to provide the CEO with an annual assurance sign off statement to verify actions taken in response to audit findings, which builds on proposals by OLG in their paper: *"A New Risk Management and Internal Audit Framework for Local Councils in NSW"*.

#### Attachments

1	Appendix 1 IA Management Actions Dashboard June 2020	D14015577
2	Appendix 2 June 20 Management Actions table	D14015253
3	Appendix 3 Management Actions solutions paper	D14015367

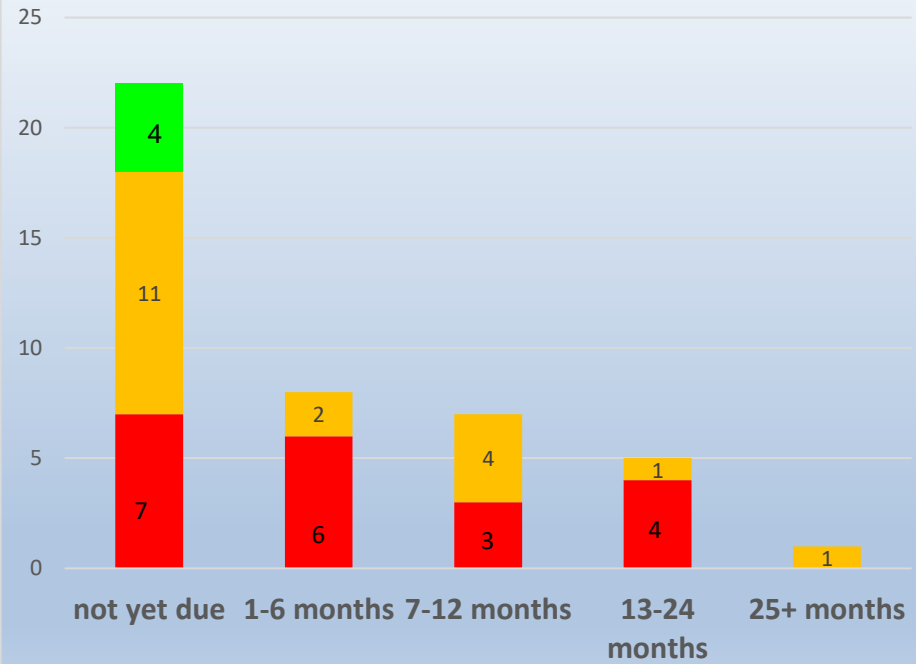
### Dashboard: Management Actions Relating to Internal Audit Recommendations June 2020

Status of Management Actions From IA Reviews: June 2020



■ Closed   
 ■ Not Yet Due   
 ■ Overdue

Risk Exposure Status of Open Actions From IA Reviews At June 2020



■ high   
 ■ moderate   
 ■ low

### Status Table of Actions Closed/Open June 2020

#	Audit Title (Former Council)	Date of Final Report	# Actions Closed June 2020	# Remaining Open Actions	Risk Exposure of Open Actions & Due Date	Department Responsible for Open Actions Remaining
1	Councillor Allowances, Expenses and Facilities	April 2020	2	15	2 high; 9 moderate; 4 low All not yet due	Governance
2	Libraries	October 2019	1	1	1 moderate – not yet due Due 30/6/2020	Connected Communities
3	Seniors Centres	September 2019	2	9	5 high – not yet due; 2 high – overdue 1-6m; 2 moderate – overdue 1-6m	Connected Communities
4	NHV Accreditation Scheme (NHVAS)	August 2019	0	6	1 high overdue 7-12m; 1 high overdue 1-6m; 1 moderate not yet due (30/6/20); 3 moderate overdue 7-12m	Finance – 4 People & Culture – 2
5	Cash Management In Waste Services	August 2019	0	3	3 high All overdue 1-6m	Finance – 1 People & Culture - 2
6	Procurement of IT Goods	August 2019	0	3	2 high; 1 moderate All overdue 7-12m	Governance – 2 Finance -1
7	CCTV	August 2018	0	5	4 high; 1 moderate All overdue 13-24m	Connected Communities
8	S94 Contributions (WSC)	May 2016	1	0	AUDIT CLOSED	
9	Cash Management (GCC)	October 2015	1	0	AUDIT CLOSED	
10	CCTV (WSC)	May 2014	0	1	1 x moderate Overdue 25m+ (due 30/6/15)	Connected Communities
	<b>TOTALS</b>		<b>7 closed actions</b>	<b>43 open actions from 8 audits</b>	<b>20 x high 19 x moderate 4 x low</b>	



**Item No:** 3.3  
**Title:** IA Balanced Scorecard Measures Cover Report  
**Department:** Chief Executive Officer's Unit

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14015205  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

## Summary

A standing agenda item for the Audit, Risk and Improvement Committee is for IA to deliver a balanced scorecard progress report to each quarterly meeting. There are thirteen balanced scorecard measures against which IA is required to report. The *Internal Audit Balanced Scorecard Report* forms part of the standard suite of reports presented by Internal Audit to each ordinary meeting of the Audit, Risk and Improvement Committee.

## Recommendations

- 1 That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.***
- 2 That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

## Summary

A standing agenda item for the Audit, Risk and Improvement Committee is for IA to deliver a balanced scorecard progress report to each quarterly meeting. There are thirteen balanced scorecard measures against which IA is required to report.

## Background

Internal Audit has a set of performance metrics presented as a "Balanced Scorecard". These metrics are intended to provide Management and the Audit, Risk and Improvement Committee with information and data which give a snapshot of IA progress against key measures and how the unit is operating from the perspective of different stakeholders and areas of competence. There is also a set of service standards which are not formally measured but are an indication of the desired intent to help keep the audit process on track in a timely fashion. So at present the service standards are more aspirational rather than a formal requirement.

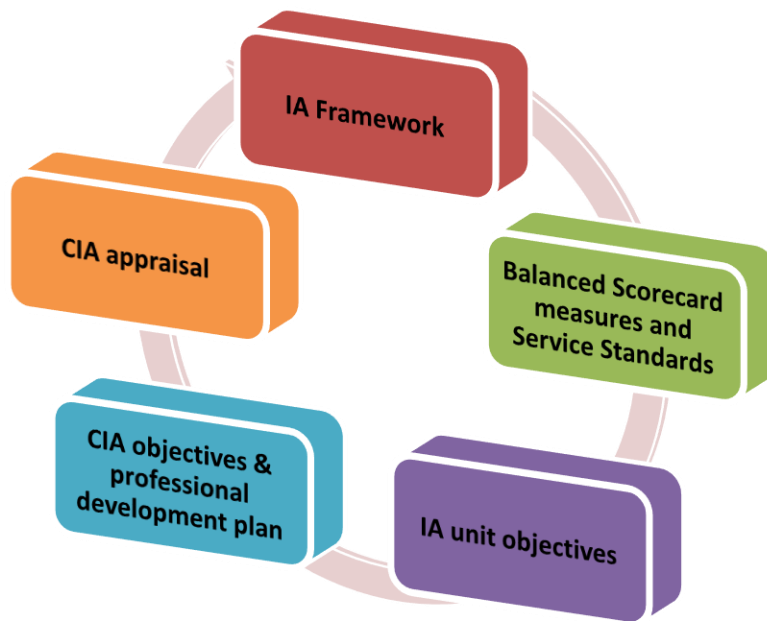


The attached table at appendix 1 shows IA’s latest progress against the existing balanced scorecard measures. It also lists the current service standards.

**Context**

A review of the balanced scorecard measures and service standards is in the 2020/21 IA work programme under the IA Quality and Performance element of the Framework.

It is anticipated that these outcome of the review will be a set of measures more directly aligned with the elements of the IA Framework (and therefore full IA work programme). Centium, the CEO and members of the Committee will be invited to provide their own feedback on what they consider to be useful measures and service standards to inform the process. Resources from the IIA will also be drawn upon and the Chief Internal Auditor will investigate options to automate the measures as far as possible (at present the information is simply input manually from various sources into a tracking spreadsheet). It is intended to bring the service standards and balanced scorecard measures into one set of requirements. The KPIs of the Chief Internal Auditor will be directly aligned with the agreed set of balanced scorecard measures to marry the currently disparate performance measures as illustrated below:



By continuing to use and report against balanced scorecard measures IA sets a precedent for the organisation in terms of having in place an effective system for monitoring and reporting on performance and being held accountable for specific deliverables. This also puts IA in a strong position to provide advice to other units or teams on establishing effective measures for performance monitoring and reporting.

The Innovation and Futures Unit are currently conducting work around service levels and service reviews and the Chief Internal Auditor has been invited to contribute to this work.

## Summary of Progress Against Measures

### *1. Audit, Risk & Improvement Committee*

Initiatives to address the issues raised in the ARIC survey (reported to the meeting of 17 March 2020) will be considered as part of the 2020/21 IA Work Programme (pending ratification by ARIC) under the IA Framework elements of Quality and Performance and Consultancy/ Advisory.

### *2. Executive & Audit Customers*

The Executive feedback survey is overdue.

Customer feedback surveys (at the conclusion of each audit) are still very positive though completion rates for the survey are not that high. Informal feedback of consultancy work is also tracking as very positive.

There is need for a refresh of the format for the customer feedback survey and consideration of the format/style and content to optimise the completion and usefulness of a survey of the Executive.

### *3. Internal Audit Processes*

The number of audits being completed is on track for the 2019/20 programme, although not all reports will be finalised by 30 June and it is likely that fieldwork for the IT Governance review (started late due to initially this being a CyberSecurity audit) and the contractors/ temporary/contingent labour hire review will still be underway at the close of the financial year. The additional review incorporating credit cards, store cards etc (which was brought into the programme as a result of some fieldwork under the reviews of expenses) will also be ongoing beyond 30 June. These are all on track to be reported in the first quarter of the new work programme.

In addition to all the audits in the 2019/20 programme being delivered, there has also been the finalisation and issue of a further five reports from previous years.

Audits are generally being delivered in line with the budgeted allocation of days. The duration of audits are generally taking longer than 12 weeks, measured from start date of fieldwork (opening meeting) to date of issue of draft report. In addition the turnaround times to finalise reports is still taking longer than the 15 day standard. The reasons for these delays are partly because of:

- the initial difficulties to get Centium contractors set up with access to Council systems;
- delays around the timely provision of information, the incompleteness of information in Council systems and the integrity of information to facilitate audit testing;

### 3.3 IA Balanced Scorecard Measures Cover Report (contd)

---

- the impact of COVID-19 in respect of access to information and staff and Centium contractors capacity to access Council systems;
- the pressure and volume of work within the IA unit;
- work and other priorities of managers impacting on a timely response to draft reports;
- difficulties in getting a co-ordinated response or single point of ownership to recommendations that apply across different departments or units or don't easily fit under one specific unit's area of responsibility.

This will continue to be monitored going forward and a remedial plan of action will be brought back to the ARIC if the measures are still not being met. The intended review of the measures will also give consideration to ways they can be better tracked and remediated where appropriate.

#### 4. Innovation, Professional Development and Capability

Volume of work has meant that the Chief Internal Auditor's professional development activities have fallen away and the target outcome (also a requirement under IIA professional accreditation) is not currently being met. Job shadowing, time permitting, on the IT Governance review should help improve this situation.

*"Develop & implement an IA innovation plan to deliver IA services differently and more effectively"* forms part of the Quality and Performance element of the IA Work Programme for 2020/2021.

#### Conclusions

The measures are a useful barometer to overall service delivery by IA, though of course it is important to understand the reasons where measures aren't being met to determine if this is an indication of general decline of service (and why) or one-off, extenuating circumstances. A review of the measures will enable the Quality and Performance element of the IA Framework to both drive and support the IA deliverables and therefore be directly aligned with the performance of the Chief Internal Auditor as measured through the appraisal system. This model will reflect the best practice as set out in the OLG discussion paper proposals for "A New Risk Management and Internal Audit Framework for Local Councils in NSW".

#### Attachments

- |   |   |           |
|---|---|-----------|
| 1 | Appendix 1 Balanced scorecard measures June 2020 ARIC Committee meeting | D14015185 |
|---|---|-----------|

## PROGRESS AGAINST EACH OF THE BALANCED SCORECARD PERFORMANCE MEASURES (June 2020)

## 1. Audit, Risk and Improvement Committee

No	Measure	Mechanisms	Target Outcome	Progress To Date
1.1	<p>Level of satisfaction with quality, type and volume of information presented and reported.</p> <p><i>Links to IIA standard 1100</i></p>	<p>Satisfaction survey to all members of the Committee every two years.</p> <p><i>(The survey will cover as a minimum the audit mandate, audit coverage, the adequacy of reporting, an overall level of satisfaction and the perception of trend of the internal audit activity ie better, same, declining).</i></p>	<p>Improved trend for 'overall level of satisfaction' (or sustained positive ratings) indicated by each survey.</p> <p>Satisfaction rating for each part of the survey to be scored as "Good" or higher.</p>	<p>Committee members are welcome to submit feedback at any time without waiting for a formal survey process to be undertaken.</p> <p><b>Survey conducted Dec 19/Jan 20 – reported to ARIC 17/3/20</b></p> <p>Average rating (out of 5) on these elements: 3.33. Initiatives to address some of the issues raised in the feedback are covered under the IA Quality and Performance and Consultancy/ Advisory elements of the 2020/21 Work Programme</p>
1.2	<p>Perspective on IA effectiveness, professionalism and competence</p> <p><i>Links to IIA standards 1200 and 1300</i></p>	<p>CIA to provide a "staff profile" to the Audit, Risk and Improvement Committee each year (covering elements such as auditing and work experience, qualifications, auditing certifications, years of auditing experience and professional outreach).</p> <p>CIA to present a Professional Development Plan to the Committee each year based on development priorities and plans and to report on progress against this plan.</p>	<p>IA staff to achieve majority of priorities in Professional Development Plan that is agreed with the Audit, Risk and Improvement Committee and CEO and have demonstrated reasonable progress with others.</p>	<p>Professional development updates provided to Committee under the CIA progress report, section 3 "IA Work Programme - Quality and Performance".</p> <p><i>"New Auditor's Guide to Internal Auditing"</i> by Bruce Turner AM published, to which the Chief Internal Auditor contributed and is acknowledged in the book as an expert practitioner in the field of Internal Audit.</p> <p>CIA elected to LGIAN Executive – March 2020</p> <p>The Chief Internal Auditor contributed to and is cited in Bruce Turner's latest book <i>Team Leader's Guide To Internal Audit Leadership</i> scheduled for publication in June 2020.</p>

## 2. Executive &amp; Audit Stakeholders/Customers

No	Measure	Mechanisms	Target Outcome	Progress To Date
2.1	<p>Levels of customer satisfaction with individual audits, with respect to:</p> <ul style="list-style-type: none"> <li>Value added</li> <li>Usefulness of recommendations</li> </ul> <p><i>Links to IIA standard 2000</i></p>	Customer Satisfaction Survey distributed to all relevant stakeholders after each audit.	Average rating of 3.5 or higher (out of 5) for the two key questions on the survey concerning "value add" and "usefulness of recommendations". (Each 'other' question on the survey points to the possible causes).	<p>One additional feedback survey has been received since last reported. There have been 7 feedback surveys received to date. Average ratings across the different rating categories are as follows:</p> <p>Scope of work: 4.5 Communication and Collaboration: 4.64 Timeliness: 4.52 Knowledge and Professionalism: 4.82 Quality and Value: 4.5</p> <p><b>Target being exceeded</b></p>
2.2	<p>Executive expectations of IA vis a vis experience of actual delivery.</p> <p><i>Links to IIA standard 2000 and 2100</i></p>	Executive expectations/ experience survey conducted every two years.	Analysis of gap between expectations and experience is <2.5 points for each area surveyed.	<p>No survey conducted since pre-amalgamation due to the rate of change at ELT level. <b>SURVEY NOW OVERDUE</b></p> <p>Regular discussions held with CEO and Director Governance.</p> <p>Member of Governance Forum.</p> <p>To resurrect quarterly one on one meetings with ELT members from FY 2020/21 – <b>OVERDUE</b></p>
2.3	<p>Feedback (formal and informal) from staff in relation to advice and information provided by IA and improved understanding of the role.</p> <p><i>Links to IIA standard 2000 and 2100</i></p>	<p>Number of referrals to IA for informal or formal advice on risk/control related matters.</p> <p>Consultancy/advisory services provided by IA.</p>	Generally positive feedback on value and usefulness of information.	Referral from manager for advice on risks associated with works in kind negotiations for s94 contributions. Very positive feedback received on the guidance note provided.

## 3. Internal Audit Processes

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.1	Completion of approved audit programme.  <i>Links to IIA standard 2200, 2300, 2400, 2500</i>	Number of audits completed and reported to the Audit, Risk and Improvement Committee as per the ratified plan.	90%.	<ul style="list-style-type: none"> <li>01/19-20 Councillor Allowances, Facilities and Expenses COMPLETED</li> <li>02/19-20 Contract Management COMPLETED</li> <li>03/19-20 Complaints Management – COMPLETED (Draft report stage)</li> <li>04/19-20 Leadership Team Allowances, Facilities and Expenses – COMPLETED (close out meeting stage)</li> <li>05/19-20 IT Governance - fieldwork underway</li> <li>06/19-20 Procurement Cards, Store Cards, Store Accounts (<b>new addition to the schedule of audits</b>) - fieldwork underway</li> <li>07/19-20 Contractors, Temporary and Contingent Labour Hire – fieldwork underway</li> <li>01/20-21 – planning stage (straddles 2019/20 and 2020/21 audit work programmes)</li> </ul> <p><b>On track though not all reports will be finalised by 30 June 2020</b></p>
3.2	Proportion of audits completed (to draft report stage) within planned number of days budget.  <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audits completed in line with planned budget as per the ratified audit plan.	90%	<p>01/19-20 Councillor Allowances, Facilities and Expenses – Over Budget 02/19-20 Contract Management – On Budget 03/19-20 Complaints Management – On Budget</p> <p><b>Target not being met for audits conducted in-house, although Centium delivered reviews are meeting the allocated budgeted days.</b></p>
3.3	Duration of audits.  <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audits completed and taken to draft report stage in 12 weeks or less (measured from the start date of fieldwork to the date of issue of the draft audit report).	80%	<p>01/19-20 Councillor Allowances, Facilities and Expenses – target not met 02/19-20 Contract Management – target not met 03/19-20 Complaints Management – target not met</p> <p><b>Target not being met.</b></p>

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.4	Finalisation of draft audit reports.  <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audit reports finalised and distributed to Audit, Risk and Improvement Committee within 3 weeks (15 working days) of issue of the draft report (in line with service standard of 10 days for management to respond to draft audit reports).	80%	01/19-20 Councillor Allowances, Facilities and Expenses – target not met 02/19-20 Contract Management – target not met  <b>Target not being met.</b>
3.5	Compliance with IIA's International Professional Practices Framework (IPPF)  <i>Links to IIA standards 2400 and 2600</i>	Self-assessment External assessment An annual assertion on compliance with the IIA Standards provided by the CIA to the Audit, Risk and Improvement Committee	"Generally conforms" rating of compliance with IIA Standards by the external review.  External review conducted at least every five years.	External assessment of IA by Statewide Mutual reported April 2018 gave an overall maturity rating of "optimising" for all IIA standards with the exception of standard 2300 and standard 2500 which were classified as "managed".  Issues highlighted: <ul style="list-style-type: none"> <li>• Potential for use of CAATs</li> <li>• Audit Tracker needs to be accessible by all</li> </ul> Audit Tracker still presenting problems. New solutions being identified  CAATs not a current priority. To be reviewed during 2020/21 in line with the IA innovation plan.

## 4. Innovation, Professional Development and Capability

No	Measure	Mechanisms	Target Outcome	Progress To Date
4.1	Training hours per member of IA  <i>Links to IIA standards 1200, 1300 and 2000</i>	Log of training/professional development.	80 hours CPE every 2 years as per IIA requirements with a minimum of 20 hours in any one year.  Training undertaken through >2 types of learning mechanisms.	<b>Target not being met.</b>
4.2	Range of knowledge skills, technical expertise and competency within IA  <i>Links to IIA standards 1200, 1300 and 2000</i>	Skills assessment against the IIA competency model. Log of training/professional development. Learning needs analysis. Professional Development Plan (PDP) for each member of IA.	Increasing trend in coverage of skills, knowledge and expertise within IA when assessed against the IIA competency model.  Areas of training attended align with PDP.	Job shadowing on IT Governance audit to help meet experience requirement of CISA qualification and to improve training hours to meet IIA CPE requirement.
4.3	Consideration and development of innovative methods to deliver elements of the IA framework and through IA recommendations/advice.  <i>Links to IIA standards 1200, 1300 and 2000</i>	IA recommendations IA advice Implementation of initiatives as part of the IA work programme	Demonstration of considerations and innovative solutions provided through recommendations and issues raised in audit reports.  CIA report to Audit, Risk and Improvement Committee outlining initiatives under development or consideration.	Innovation in delivery of IA services is a feature in the project plan with Centium and forms part of the co-sourced partnership arrangement.  <i>"Develop &amp; implement an IA innovation plan to deliver IA services differently and more effectively"</i> forms part of the Quality and Performance element of the IA Work Programme for 2020/2021.



Service Standards (not formally measured)

### 1. Standards Around Reporting

#	Activity	Service Standard
1.1	Issue of draft report by Internal Audit	No later than 10 working days after the close out meeting.
1.2	Management response to draft audit report.	No later than 10 working days after the draft report is issued.
1.3	Issue of final report by Internal Audit.	No later than 10 working days after management final responses and comments have been received.
1.4	Distribution of final IA reports.	Internal Audit are responsible for issuing final IA reports to all internal stakeholders. Corporate Governance/Councillor Services are responsible for issuing final IA reports to all members of the Audit, Risk and Improvement Committee.
1.5	Distribution markings assigned to IA reports.	All IA draft and final reports are assigned a confidential security marking.

### 2. Standards Around Actions and Monitoring

#	Activity	Service Standard
2.1	Turnaround times for agreed actions.	The following suggested turnaround times in relation to implementing the agreed action according to the risk exposure identified for each audit finding: Extreme - actioned within 1 month; High - actioned within 3 months; Medium - actioned within 6 months; Low - actioned within 12 months. These turnaround times are negotiable, depending on the extent of the agreed action and the work involved.
2.2	Agreed actions uploaded into the Audit Tracker by IA.	No later than 5 working days after the final report has been issued.
2.3	Reporting outstanding agreed actions to the Executive.	IA will provide a quarterly report to the Executive and Audit, Risk and Improvement Committee of outstanding agreed actions.



**Item No:** 3.4  
**Title:** IA Four Year Work Programme & 2020/21 Operational Plan  
**Department:** Chief Executive Officer's Unit

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14013451  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

## Summary

The *IA Four Year Work Programme and 2020/21 Operational Plan* is presented to the Audit, Risk and Improvement Committee for consideration and approval. The paper sets down the IA work programme covering all the elements of the IA Framework for 2020/21, along with a projected plan through to 2023/24, in line with core requirement 5, under the OLG proposals in their paper "A New Risk Management and Internal Audit Framework for Local Councils in NSW".

## Recommendations

- 1 That the Audit, Risk and Improvement Committee approve the IA Four Year Work Programme and 2020/21 Operational Plan, in accordance with section 39 of their Charter.**
- 2 That the Committee make a recommendation that this report and the supporting papers be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

## Context

The full IA work programme comprises:

- Internal audit (business assurance) reviews (which makes up 70-80% of the IA work programme) and are mostly conducted by the IA co-sourced partner, Centium
- Consulting and advisory activities
- Quality and performance of the IA function
- Organisational risk analysis and audit work programming

The 2020/21 Operational Plan is the most important element of the Work Programme because it sets the agenda for IA services for the next financial year. It is acknowledged that the 2020/21 plan is reviewed each quarter and any proposed changes brought to the ARIC

for their consideration. Proposed programmes of work beyond the 2020/21 financial year at this stage are merely indicative and subject to formal re-evaluation each year.

### **The Schedule of Audits**

Taking into account feedback from the ARIC on previous audit work programmes, the schedule of audits for 2020/21 incorporates more front-line facing services. It also takes into consideration areas of risk exposure identified by the NSW Audit Office in their interim and final phase reports, the impact of COVID-19 on service delivery and risk to key activities and discussions with managers.

### **Resourcing The Programme**

The Institute of Internal Auditors' *International Professional Practices Framework* standard 2030, states:

*"the chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan."*

The work programme for 2020/21 presents an ambitious work schedule taking into account the complexity of auditing across multiple systems, disparate processes and split team locations along with current resourcing and budget provisions.

The proposed work programme has been developed in line with an assumption of continued resourcing of 1 FTE of the IA Unit and continued funding for the co-sourced partnership with Centium for the 2020/21 financial year.

### **Plan Review**

The full audit work programme is revisited and revised quarterly to ensure it remains focused on areas of strategic importance and relevance and that budgets are appropriate for the proposed scope of the reviews. A revised plan will be submitted to the Audit, Risk and Improvement Committee indicating any proposed changes, if required.

The Chief Internal Auditor will report progress against the work programme in her quarterly CIA report in line with standard practice.

### **Conclusion**

Under sections 39(b) and 39(c) of their Charter, the Audit, Risk and Improvement Committee are responsible for:

### **3.4 IA Four Year Work Programme & 2020/21 Operational Plan (contd)**

---

- reviewing the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan;
- consider (*sic*) the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan

The proposed IA schedule of audits is intended to provide a balanced and broad coverage of the organisation's activities whilst focusing on key risk areas at a strategic as well as operational level. The schedule of audits covers critical back office functions such as payroll and front-line service delivery in crucial services such as water supply and roads maintenance.

The 2020/21 deliverables under the remainder of the work programme includes more proactive work to build on the outcome of reviews, such as lessons learned presentations and workshops and other stakeholder engagement initiatives. In respect of work programming, a more efficient audit needs assessment process needs to be developed along with greater alignment with the risk management framework as that system develops. Under the IA Quality and Performance element of the Framework, key priorities for this financial year are to re-establish a reciprocal three-way QA assessment arrangement (at zero cost) with two other councils and a refresh of the balanced scorecard measures and service standards.

#### **Attachments**

- 1** Appendix 1 JUNE 2020 IA four year audit schedule and work programme

D14013401



*Tina Baker  
Chief Internal Auditor  
June 2020*



# IA 4 Year Audit Schedule and Work Programme 2020-2024

# **Councillor Strategic Priorities**

## **(Feb 2020)**

- **Water security & water development strategy**
- **Economic development**
- **Integrated transport solutions across the region**
- **Affordable housing**
- **Climate resilience**



## 2020-21 Audit Schedule: Q1 (Jul-Sep 20)

Audit Topic	Dept/ Service Unit	Indicative Budget (days)	Indicative Timing	Conducted By	Rationale
<b>Water Supply Management (Strategic)</b>  <i>Planning element already underway as this was part of 2019/20 budget and IA work schedule</i>	Water & Sewer	40 total  32 days in this programme  (8 days covered under 2019/20 budget)	Jun-Sep 20	Centium	Water and Sewer provide critical front-line services to the community and given the drought and bushfire conditions and anticipated population growth for the region, a review would consider and test controls associated with important issues such as: reliability of current water sources and supply; water treatment and storage; future supply scenario modelling; contingencies in the event supply sources become disrupted/contaminated/ limited; drought management and future supply measures. A subject matter expert from Centium is available to conduct this critical review.
<b>Payroll (Operational)</b>	People & Culture	25	Jul–Aug 20	Centium	Council is currently still operating two payroll systems and the intention is to bring former Gosford payroll across to an enhanced version of the former Wyong payroll system, in October 2020. This review will identify where there are current operational risks and control exposures to inform the new system. It will also look at how the security and integrity of payroll operations were maintained during the COVID-19 social distancing/working from home arrangements. Issues identified in NSW Audit Office reports will be followed up.

## 2020-21 Audit Schedule: Q2 (Oct-Dec 20)

Audit Topic	Dept/ Service Unit	Indicative Budget (days)	Indicative Timing	Conducted By	Rationale
COVID-19 Response – remote working control environment	Cross organisational	25	Nov-Dec 20	Centium	The COVID-19 situation presented and continues to present some unique challenges for the organisation in terms of delivery of services, financial viability, community engagement, performance management and the remote working control environment. A 'lessons' learned review is intended to be undertaken by management, therefore it is proposed that IA focus on how risks were managed around the working from home arrangements, enacted for over 50% of staff. This would include how staff management operated remotely (including supervision, staff welfare and compliance with key policies), the effectiveness of technology enablers and asset management, maintenance of key controls around high risk processes such as accounts payable and how productivity and performance were being managed and measured under remote working arrangements.



## 2020-21 Audit Schedule: Q3 (Jan-Mar 21)

Audit Topic	Dept/ Service Unit	Indicative Budget (days)	Indicative Timing	Conducted By	Rationale
Property Rates – Setitng, Billing, Collection and Recovery (Operational)	Finance	30	Jan-Apr 21	Centium	Rates revenue forms a significant part of Council's income and, for the community, represents a nexus between costs of Council's services and quality of services delivered. This review will consider the rate setting/review process, efficiency and effectiveness of the processes to bill, collect and recover rates as well as arrangements for concessions and debt recovery and the integrity and safeguarding of personal data/associated information.
IT General Controls (validation/follow up of NSW AO review)	IM&T	20	Feb–Mar 20	In-house	The Cybersecurity review was cancelled from the 2019/20 programme due to potential overlap with the issues being addressed from the NSW AO IT General Controls review. An IT Governance review replaced the Cybersecurity review and it was agreed that IA would conduct some follow up work in the 2020/21 program to validate the work undertaken to address the issues raised in the IT General Controls audit.

## 2020-21 Audit Schedule: Q4 (Apr-Jun 21)

Audit Topic	Dept/ Service Unit	Indicative Budget (days)	Indicative Timing	Conducted By	Rationale
Roads Maintenance ( <i>"Pothole Management"</i> ) (Operational)	Roads, Transport, Drainage & Waste	35	Apr-Jun 21	Centium	The state of the region's roads generates high interest from the community issue and a large proportion of Council's expenditure is assigned to roads maintenance. A review would cover the recording and responsiveness to community reports of pot-holes and road maintenance issues, asset management information systems and the efficiency, effectiveness and economy of roads maintenance operations.

## Proposed Audits: July 2021 – June 2022

Proposed Audit	Unit	Possible Timing	Type
Coastal Management	Environment & Planning	Jul-Sep 21	Strategic
Recruitment & Induction	P&C	Jul-Sep 21	Operational
Beach Safety	Connected Communities	Oct-Dec 21	Operational
Economic Development	Innovation & Futures/ cross organisational	Oct-Dec 21	Strategic
Payroll (review of new system)	P&C	Jan-Mar 22	Operational
Council as Principal Certifying Authority	Environment & Planning	Apr-Jun 22	Operational
Business Analytics & Management Information	IM&T	Apr-Jun 22	Operational


## Proposed Audits: July 2022 – June 2023

Proposed Audit	Unit	Possible Timing	Type
Budgeting and Financial Planning	Finance/Cross organisational	Jul-Sep 22	Strategic
Security of Personal and Financial Data	IM&T/Finance	Jul-Sep 22	IT
Bridges and Wharves	Roads, Transport, Drainage & Waste	Oct-Dec 22	Operational
Legal Services	CEO's Office	Oct- Dec 22	Strategic
Credit Management	Finance	Jan-Mar 23	Operational
Facilities Management	Connected Communities	Jan-Mar 23	Operational
Section 94 Contributions	Environment & Planning	Apr-Jun 23	Operational
Workforce Planning	P&C/Cross organisational	Apr-Jun 23	Strategic

## Proposed Audits: July 2023 – June 2024

Proposed Audit	Department/Unit	Possible Timing	Audit Type
Development Assessments	Connected Communities	Jul-Sep 2023	Operational
Organisational Performance	Corporate Wide/ I&F	Jul-Sep 2023	Strategic
Fraud & Corruption Risk Assessment	Corporate Wide/ Governance	Oct – Dec 2023	Healthcheck/ Good Practice
Accounts Payable	Finance	Oct – Dec 2023	IT/Strategic
Training & Development	P&C	Jan – Mar 2024	Operational
Councillor Allowances, Facilities and Expenses	Governance	Jan – Mar 2024	Mandatory as per policy
Grants (inward)	Corporate Wide	Apr-Jun 2024	Strategic
Website & Intranet Design, Maintenance & User Experience (UX)	IM&T	Apr-Jun 2024	Operational

## Deliverables Under Other Elements of IA Framework

Organisational Risk Analysis & Audit Work Programming	IA Consultancy & Advisory Activities	IA Quality & Performance
<ul style="list-style-type: none"> <li>• Comparative Data and Risk Outlook Report based on OLG data (2020/21)</li> <li>• Refine Audit Needs Assessment worksheets and populate with relevant data as it becomes available (2020/21)</li> <li>• Explore linking ANA worksheets with comparative data information (2020/21)</li> <li>• Explore concept of IA risk profile modelling (2020/21)</li> <li>• Align ANA with risk registers where relevant (2021/22)</li> <li>• Review and refine ANA process in light of outcome of fact-finding visits/discussions to/with high performing organisations (ongoing)</li> </ul> 	<ul style="list-style-type: none"> <li>• Develop IA/Centium branding model (2020/21)</li> <li>• Update &amp; roll out the IA stakeholder engagement plan (2020/21)</li> <li>• Continue to advocate for IA/ERM/BI collaboration (ongoing)</li> <li>• Review the effectiveness of audit reports and consider new ways to “tell the story” (2020/21)</li> <li>• Refine comparative data reporting and risk outlook reports to make them a more valuable and accessible resource for management (2021/21)</li> <li>• Present/facilitate workshops on lessons learned/emerging themes/appreciative inquiry etc (wef 2020/21)</li> </ul> <p style="text-align: center;"><a href="http://www.centralcoast.nsw.gov.au">www.centralcoast.nsw.gov.au</a></p>	<ul style="list-style-type: none"> <li>• Re-establish a peer group reciprocal IA QA arrangement with at least two other Councils (2020/21)</li> <li>• Conduct Executive feedback survey in line with Balanced Scorecard measures (2020/21)</li> <li>• Refresh balanced scorecard measures and service standards (2020/21)</li> <li>• Develop &amp; implement an IA innovation plan to deliver IA services differently &amp; more effectively (2020/21)</li> <li>• Commission a QA review of the IA function (2021/22)</li> <li>• Conduct fact-finding visits to high performing organisations relating to strategic reviews, ARIC and IA team performance (ongoing)</li> <li>• Develop IA resource centre (start 2020/21)</li> </ul>



**Item No:** 3.5  
**Title:** Resourcing of the Audit Function  
**Department:** Chief Executive Officer's Unit

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14012008  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

## **Report Purpose**

20/2020(ARIC) Item 2.1 commissioned a report in respect of IA resourcing and cover for the Chief Internal Auditor role.

## **Summary**

A report on the resourcing options for Internal Audit and the corresponding level of service delivery under the work programme aligned with the different options, including costings and cover for the CIA role.

## **Recommendation**

- 1 That the Audit, Risk and Improvement Committee receive this report on resourcing.**
- 2 That the Audit, Risk and Improvement Committee advise the CEO which resourcing option accords with the Committee's desired level of audit coverage and work programme in line with the complexity, risk and range of services of Council.**
- 3 That the Committee take into account the staff recommendation of option 2 – funding the established position of (Senior) Internal Auditor as this provides cover for the absence of the Chief Internal Auditor, does not require the creation of a new position and provides scope for improved and increased delivery of IA services in line with the best practice IA Framework.**
- 4 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.**
- 5 That the Committee make a recommendation that the supporting paper to this report be classified confidential in that it contains personal information relating to salaries and costs for particular roles/officers.**

**1. CONTEXT**

1.1 At the Audit, Risk and Improvement Committee meeting of 17 March 2020, the Chief Internal Auditor reported the impact of Internal Audit (IA) resourcing on the delivery of a complete and balanced work programme that covers all elements of the IA Framework. The Committee requested a report on IA resourcing and how the long-term absence of the Chief Internal Auditor would be managed.

1.2 The IA Resources report attached to this paper presents the different resourcing options available, costings and the IA deliverables aligned with each so the Committee can advise the CEO on the level of resourcing and audit coverage they consider appropriate for Council, taking into account the size, complexity, range of services and risk profile of the organisation.

**2. CURRENT RESOURCING OF IA**

2.1 Current resourcing for IA comprises the Chief Internal Auditor who is responsible for delivery of all elements of the IA Framework and for managing, on behalf of Council, the co-sourced partnership with Centium. Centium undertake most of the audits that comprise the business assurance element of the Framework, and which form **part of** the annual programme of IA work.

2.2 The IA function has an established headcount of 2 FTE – the roles of Chief Internal Auditor (CIA) and (Senior) Internal Auditor. The (Senior) Internal Auditor role has been unfunded since 2017 when the previous incumbent resigned. Currently, there is no provision for cover of the CIA role in the event of the CIA's absence or departure.

2.3 Under the OLG proposals in *A New Risk Management and Internal Audit Framework* there is scope for Risk Management activities and/or investigation activities to be brought under the bailiwick of Internal Audit, subject to these functions not being audited by the Chief Internal Auditor herself and appropriate resourcing levels.

**3. SUMMARY OF OPTIONS**

3.1 The IA Resources paper identifies seven options for resourcing – four relating to in-house staffing and three that change the current service delivery model by scrapping the in-house provision altogether. The options are as follows:

Option 1: Retain resourcing at current levels of Chief Internal Auditor plus Centium
Option 2: Current resourcing arrangement plus fund the (Senior) Internal Auditor vacant position
Option 3: Current resourcing, plus Senior Internal Auditor, plus Audit Associate
Option 4: Current resourcing, plus Senior Internal Auditor, plus Audit Associate plus IT Auditor
Option 5: scrap the in-house IA function and the Centium partnership
Option 6: scrap the in-house IA function but retain the Centium partnership reporting to a different officer



Option 7: replace current resourcing model with shared service arrangement with another Council/group of Councils
---

3.2 It should be stressed that the outsourcing options (options 5-7) are not considered viable or desirable but have been included for completeness. In the medium-term absence (for example 4-12 months) of the Chief Internal Auditor it might be possible to arrange temporary, part-time cover by a CIA at another Council under a reciprocal, Memorandum of Understanding type arrangement. The CIA will explore this as part of the work to re-establish the tripartite quality assessment/independent validation arrangement.

3.3 The paper also provides an overview of the IA work programme deliverables under the various in-house staffing models (options 1 through to 4). Under the remaining options, with no dedicated, independent Chief Internal Auditor, it is anticipated that the IA Framework would fall away and the only service deliverables would be a limited schedule of audits. It would be up to management to determine how the schedule of audits would be identified under these options.

#### **4. RECOMMENDATION**

4.1 The least risk, most cost-effective option that retains the integrity of the function, provides cover for the CIA role and facilitates increased delivery of the full range of IA services, is option 2.

4.2 Option 2 – retain the current resourcing of the CIA and Centium partnership, and fund the current vacancy of the (Senior) Internal Auditor – is the preferred option for the following reasons:

- it provides a suitable level of cover and succession of operations in the absence or departure of the Chief Internal Auditor, whilst maintaining the independence of the function;
- it does not involve the creation of any new position in the organisation, but simply is funding an existing position that has not been filled since 2017 (costed at \$105,000 per annum ex super);
- it facilitates a broader programme of work – increased audit coverage including validation reviews where management actions have been completed, better stakeholder engagement, improved reporting format and functionality and more proactive initiatives to help improve risk management and controls across the organisation;
- it presents scope and capacity for IA to take on the risk management function (subject to the controls in the OLG proposals) and improve the synergies between IA and risk;
- it provides additional and more efficient support to Centium in the sourcing of information, arranging key meetings and identifying relevant stakeholders;
- provides scope for the Chief Internal Auditor to implement the IA performance improvement initiatives and a more proactive consultancy agenda;

### **3.5 Resourcing of the Audit Function (contd)**

---

- it provides continuity for ARIC and Council and certainty around the contract management of the partnership arrangement with Centium.

## **5. CONCLUSION**

5.1 Ultimately responsibility for determining resources of the IA function rests with the Chief Executive Officer based on advice from the Audit, Risk and Improvement Committee (ARIC) in accordance with the risk profile of the organisation and the risk appetite, level of assurance and audit coverage that ARIC consider appropriate for an organisation of the size and complexity of Council.

## **Attachments**

- 1** Appendix 1 June 2020 ARIC IA Resourcing Report D14011925



**Item No:** 5.3  
**Title:** Audit, Risk and Improvement Committee Charter Update  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13917389  
Author: Kelly Drover, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services

### **Report Purpose**

For the Committee to consider the revised charter for the Audit, Risk and Improvement Committee (ARIC).

### **Recommendation**

- 1 That the Audit, Risk and Improvement Committee approve the revised ARIC Charter that is Attachment 1 to this report.**
- 2 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.**

### **Context**

Council previously adopted a [Charter](#) for ARIC at the 24 February 2020 Ordinary Council Meeting, under which ARIC has since been operating.

At the 17 March 2020 ARIC meeting, the following was resolved:

**43/2020(ARIC) That a provision be included in the Internal Ombudsman Charter that the Internal Ombudsman will meet with members of the Audit, Risk and Improvement Committee annually in-camera, or as arranged with the Committee, without the presence of Management AND that the Audit, Risk and Improvement Committee Charter be amended, in identical terms, to provide for this in-camera meeting.**

This adjustment has been made to the ARIC Charter (page 11 under Internal Audit, highlighted in yellow) and is identical to the clause in the Internal Ombudsman's Charter. The revised Charter is now presented to ARIC for adoption as at Attachment 1.

### **5.3 Audit, Risk and Improvement Committee Charter Update (contd)**

---

The Internal Ombudsman Charter has been updated and adopted by Council at the 11 May 2020 Ordinary Council Meeting.

It is not recommended that the revised ARIC Charter be reported to Council for further adoption as only minor administrative changes have been made and it reflects the Internal Ombudsman Charter as adopted by Council.

#### **Attachments**

- 1** ARIC Charter - March 2020      D13938533



# AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

March 2020



**Wyong Office:** 2 Hely St / PO Box 20 Wyong NSW 2259 | **P** 1300 463 954

**Gosford Office:** 49 Mann St / PO Box 21 Gosford NSW 2250 | **P** 1300 463 954

**E** ask@centralcoast.nsw.gov.au | **W** www.centralcoast.nsw.gov.au | **ABN** 73 149 644 003

## Audit, Risk and Improvement Committee Charter



AUTHORITY	NAME & TITLE
AUTHOR	James Taylor, Section Manager Governance
MANAGER	Shane Sullivan, Unit Manager Governance and Business Services
CHIEF EXECUTIVE OFFICER	Gary Murphy, Chief Executive Officer

**History of Revisions:**

Version	Date	Reason	TRIM Doc. #
1	24 January 2017	Creation	D12590987
2	26 July 2017	Updated given feedback	D12758021
3	4 December 2019	Updated given NSW Audit Office guidelines and feedback from ARIC	D13488251
4	24 February 2020	Updated given feedback from ARIC for Council approval	D13776908
5	30 March 2020	Updated following resolutions from the 17 March 2020 ARIC meeting	

## Audit, Risk and Improvement Committee Charter



## Table of Contents

<b>Introduction</b> .....	4
<b>Committee Objectives</b> .....	5
<b>Authority</b> .....	5
<b>Composition and Tenure</b> .....	6
<i>Members (voting)</i> .....	6
<i>Councillors</i> .....	6
<i>Independent External Members</i> .....	6
<i>The Chair</i> .....	7
<i>Invitees (non-voting) for specific agenda items</i> .....	8
<b>Role and Responsibilities</b> .....	8
<i>Risk Management</i> .....	9
<i>External Accountability</i> .....	10
<i>Legislative Compliance</i> .....	10
<i>Internal Audit</i> .....	10
<i>External Audit</i> .....	11
<i>Responsibilities of Members</i> .....	11
<b>Reporting</b> .....	12
<b>Administrative arrangements</b> .....	13
<i>Meetings of the Committee</i> .....	13
<i>Attendance at meetings and quorums</i> .....	14
<i>Secretariat</i> .....	15
<i>Agendas, Minutes, Internal Audit Reports and Supporting Papers</i> .....	15
<i>Confidential matters received outside the Charter</i> .....	16
<i>Privacy and Conflicts of Interest</i> .....	16
<i>Public comment and media statements</i> .....	17
<i>Induction</i> .....	17
<i>Assessment Arrangements</i> .....	18
<i>Vacancy</i> .....	18

Audit, Risk and Improvement Committee Charter



## Introduction

Good corporate governance of Central Coast Council ("Council") promotes effective and efficient delivery of services to the Central Coast community with honesty and integrity.

The Audit, Risk and Improvement Committee ("Committee") has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council's audit processes, internal controls, external reporting, risk management activities, compliance of and with Council's policies and procedures, and performance improvement activities.

This Charter, which is based on the guidelines issued by the Chief Executive of the Office of Local Government pursuant to s. 23A of the *Local Government Act 1993*, the NSW Audit Office guidelines for *Local Government in Risk Management* and is consistent with best practice, is intended to add value and drive the qualities of effective local government; being openness, transparency and accountability. The Committee helps Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Gary Murphy  
Chief Executive Officer  
Central Coast Council



## Audit, Risk and Improvement Committee Charter



## Committee Objectives

1. The objective of the Committee is to provide independent assurance and assistance to the Council on risk management, control, governance, internal audits, organisational performance and external accountability responsibilities.
2. Part 4A of the *Local Government Act 1993* ("the LG Act") will commence after the adoption of this Charter. When Part 4A of the *LG Act* commences the Committee will be under a statutory obligation to keep under review the following aspects of the Council's operations:
  - a) compliance,
  - b) risk management,
  - c) fraud control,
  - d) financial management,
  - e) governance,
  - f) implementation of the strategic plan, delivery program and strategies,
  - g) service reviews,
  - h) collection of performance measurement data by the Council, and
  - i) any other matters prescribed by the regulations.
3. This Charter imposes those obligations on the Committee from the date the Committee commences, prior to the commencement of Part 4A of the *LG Act*. The Committee is also to provide information to the Council for the purpose of improving the Council's performance of its functions.

## Authority

4. The Committee is established in accordance with Council's authority granted by section 355 of the *LG Act*.
5. The Committee has no executive powers, except those expressly provided by the Council.
6. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the Chief Executive Officer as defined by the Local Government Act.
7. The Council authorises the Committee as a whole (but not individual members of the Committee) within the scope of its role and responsibilities as follows and to report any action undertaken in the meeting minutes:
  - a) obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
  - b) discuss any matters with the Auditor-General (or contracted agent) and/or external auditor and/or other external parties (subject to confidentiality considerations).
  - c) request the attendance of any employee or Councillor at Committee meetings.
  - d) obtain external legal or other professional advice considered necessary to meet its responsibilities. The engagement and payment of costs for that advice is subject to the prior approval by the Chief Executive Officer.

## Audit, Risk and Improvement Committee Charter



8. This Charter is required to be reviewed and endorsed by the Committee each year. Any substantive changes to this Charter need to be approved by the Council.
9. Council must review, amend as required and adopt this Charter at least once during each term of Council at an open meeting of Council.

## Composition and Tenure

### **Members (voting)**

10. The Committee will consist of five voting members.
  - a) Two Councillors;
  - b) Three Independent external members (one of whom to be the Chairperson)
11. Voting at a Committee meeting is to be by open means (such as by voice or by show of hands).
12. The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Council. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

### **Councillors**

13. The two Councillor members (excluding the Mayor) of the Committee will be appointed by resolution of the Council at the start of each Council Term for the length of the Council Term.
14. The Council may also resolve to appoint alternative Councillor members to the Committee for the same period to attend meetings in the absence of one or both of the appointed Councillor members. The alternative Councillor members will have the same voting rights as the Councillor member being replaced.

### **Independent External Members**

15. The three Independent External Members will be appointed, by resolution of the Council for up to an initial period no less than three years and not exceeding five years, after which they will be eligible for extension or re-appointment following a formal review of their performance by Council (noting that the total term on the Committee will not exceed eight years).

## Audit, Risk and Improvement Committee Charter



16. Any of the three Independent External Members seeking an extension or re-appointment will be required to notify the Chief Executive Officer in writing six months before their appointed is set to end.
17. The three Independent External Members are eligible for extension or re-appointment up to a maximum of eight years of continual service. Appointments must be made so that phased replacement of each of the three Independent external members is required to ensure continuity in the Committee.
18. The Independent External Members can also be removed by resolution of Council.
19. The Independent External Members, in aggregate, will have recent and relevant knowledge and experience of:
  - a) Accounting or related Financial management
  - b) Risk management experience
  - c) Auditing experience in a public sector environment
  - d) Performance improvement
  - e) The local government framework
  - f) Council services, activities and operations
  - g) Governance, risk and compliance
  - h) Community services.

**The Chair**

20. The Chair will be elected by the majority of the Committee's voting members and must be one of the Independent External Members.
21. The Chair must be appointed for one term only for a period of at least three years, with a maximum period of five years. The term of appointment for the Chair can be extended but any extension must not cause the total term to exceed five years as a Chair of the Committee.
22. Whenever the voting on a motion put to a meeting of the Committee is equal, the Chair of the Committee is to have a casting vote as well as an original vote.
23. If the elected Chair is not present at a meeting of the Committee, the first business of that meeting is for the Committee's voting members to elect a Chair from the Independent external members present.

**Attendees (non-voting) for all agenda items**

24. Meetings of the Committee may, at the discretion of the Committee and with the consent of the Chief Executive Officer, be attended by the following Council staff:
  - a) Chief Executive Officer or nominated delegate;
  - b) Chief Financial Officer or nominated delegate;
  - c) Director Governance or nominated delegate;
  - d) Chief Internal Auditor or nominated delegate; and
  - e) Senior Internal Ombudsman or nominated delegate.

***Invitees (non-voting) for specific agenda items***

25. Representatives of Council's external auditor and other Council Officials may attend Committee meetings by invitation as requested by the Committee.
26. Other Councillors may attend as observers at the discretion of the Chair. Such request should be placed in writing to the Chair prior to the meeting.

**Role and Responsibilities**

27. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for financial and other reporting, for internal controls, for compliance with laws, for ethical behaviour, for the management of Council, for risk management and for organisational improvements, rests with the elected Council and the Chief Executive Officer in accordance with the [LG Act](#).
28. Members of the Committee must not act in a way that contravenes the [LG Act](#) (which includes compliance with Council's adopted Code of Conduct and Code of Meeting Practice) or any other Act. Members of the Committee are also required to comply with other relevant Policies and Procedures of Council.
29. The Chief Executive Officer will ensure that adequate resources are available to allow for the proper functioning of the Committee, including provision of a Committee Support Officer for administrative support.
30. The Committee may also, at Council's expense, request the Chief Executive Officer to obtain such legal, accounting or other professional advice as it reasonably considers necessary for the performance of its duties. The Chief Executive Officer will give appropriate consideration to all such requests.
31. The responsibilities of the Committee may be revised or expanded by the Council from time to time. The Committees responsibilities are in accordance with Part 4A of the [LG Act](#), even if that Part 4A has not commenced operation:
  - a) compliance,
  - b) risk management,
  - c) fraud control,
  - d) financial management,
  - e) governance,
  - f) implementation of the strategic plan, delivery program and strategies,
  - g) service reviews,
  - h) collection of performance measurement data by the Council,
  - i) any other matters prescribed by the regulations.
32. The Committee is also to provide information to the Council for the purpose of improving the Council's performance of its functions.

## Audit, Risk and Improvement Committee Charter



33. The following defined responsibilities are in accordance with the OLG model charter for Audit Committees as set out in the Internal Audit Guidelines issued by the Chief Executive of OLG in September 2010 and to meet the future requirement that will be imposed by Part 4A of the [LG Act](#).

**Risk Management**

34. Risk management is an essential part of effective corporate governance. It is defined as “the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.” (Risk Management – Principles and Guidelines” ISO 31000:2009(E)). Enterprise Risk Management is the holistic management of all risks within Council, not just insurable risks or work health and safety.
35. The Committee is responsible for:
- a) reviewing whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud, that is consistent with AS/NZS ISO 31000:2009;
  - b) reviewing whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
  - c) reviewing the impact of the risk management framework on its control environment and insurance arrangements;
  - d) reviewing whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically;
  - e) reviewing whether a sound and effective approach has been established in relation to technological related risks issues that present a threat to the operations of Council;
  - f) considering, and recommending to the Chief Executive Officer, improvements in relation to Council activities, systems and processes; and
  - g) reviewing whether Council processes and procedures result in an efficient and effective allocation of resources, and accountability and transparency.

**Control Framework**

36. The Committee is responsible for:
- a) reviewing whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
  - b) reviewing whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
  - c) progressively reviewing whether appropriate processes are in place to assess compliance with policies and procedures;
  - d) reviewing the annual performance of Council against the key performance indicators documented in the Operational Plan, and providing advice to the Chief Executive Officer on the adequacy of Council’s performance against these indicators;
  - e) reviewing whether appropriate policies and procedures are in place for the management and exercise of delegations; and

## Audit, Risk and Improvement Committee Charter



- f) reviewing whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

**External Accountability**

37. The Committee is responsible for:

- a) satisfying itself that the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management sign-off on the statements and the adequacy of internal controls;
- b) reviewing the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- c) considering contentious financial reporting matters in conjunction with Council's management and external auditors;
- d) reviewing the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements;
- e) satisfying itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations;
- f) reviewing cash management policies and procedures;
- g) reviewing policies and procedures for collection, management and disbursement of grants and tied funding; and
- h) satisfying itself there is a performance management framework linked to organisational objectives and outcomes.

**Legislative Compliance**

38. The Committee is responsible for:

- a) determining whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements; and
- b) reviewing the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

**Internal Audit**

39. The Committee is responsible for:

- a) acting as a forum for communication between the Council, Chief Executive Officer, Senior Management, Internal Audit, External Audit and Internal Ombudsman;
- b) reviewing the internal audit coverage and Internal Audit Plan, ensuring the plan has considered the Risk Management Plan, and approving the plan;
- c) considering the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan;
- d) reviewing all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices;
- e) monitoring the implementation of internal audit recommendations by management;
- f) periodically reviewing the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;

## Audit, Risk and Improvement Committee Charter



- g) periodically reviewing the performance of Internal Audit;
- h) meeting at least annually, with the Chief Internal Auditor "in-camera" without the presence of management;
- i) meeting at least annually, with the Internal Ombudsman "in-camera" or as arranged with the Committee without the presence of management. The Internal Ombudsman will provide a quarterly report to the Audit, Risk and Improvement Committee; and
- j) giving advice to the Chief Executive Officer on the appointment and remuneration of the Chief Internal Auditor and the Internal Audit team (if applicable).

**External Audit**

40. The Committee is responsible for:

- a) acting as a forum for communication between Council, senior management and internal and external audit;
- b) providing input and feedback on the financial statement and performance audit coverage proposed by external audit, and providing feedback on the external audit services provided;
- c) reviewing all external plans and reports in respect of planned or completed external audits, and monitoring the implementation of audit recommendations by management;
- d) providing advice to Council on action taken on significant issues raised in relevant external audit reports and better practice guides;
- e) meeting at least annually, with the NSW Auditor General (or contract agent) "in-camera" without the presence of management; and
- f) considering significant issues raised in relevant external audit reports and better practice guides, and ensuring appropriate action is taken.

**Responsibilities of Members**

41. All members of the Committee are expected to:

- a) have a high level of personal integrity and ethics, as well as acting honestly and in good faith;
- b) make themselves available as required to attend and participate in meetings;
- c) perform their duties in a manner that engenders public trust in the integrity, objectivity, and impartiality of the Committee;
- d) comply with this Charter;
- e) have strong interpersonal skills;
- f) have strong skills in oral and written communication;
- g) understand the relevant legislative and regulatory environment of Audit and Risk Management in NSW Local Government and any requirements appropriate to Central Coast Council, particularly as these pertain to individual matters under consideration by the Committee;
- h) contribute the time needed to study and understand the papers provided, and to devote to their responsibilities as a Committee Member;
- i) apply good analytical skills, objectivity and with good judgment;
- j) express opinions frankly and ask questions that go to the fundamental core of issues;
- k) pursue independent lines of enquiry when required;

## Audit, Risk and Improvement Committee Charter



- l) review the risks, progress, controls, finances and performance surrounding major projects;
  - m) have an understanding of management principles required recognising and evaluating the materiality and significance of deviations from good business practices;
  - n) have an appreciation of fundamental concepts in areas such as accounting, economics, commercial law, taxation, finance, quantitative methods and IT; and
  - o) assist the Council and the Chief Operating Officer with the formulation of Finance, Audit and related policies and procedures.
42. Expressions of Interest appointment as an independent member of the Committee are to be invited by public advertisement and/or written invitation from persons eligible to be members of the Committee as outlined by this Charter.
43. Any such nominations will be received and reviewed by the Chief Executive Officer who will prepare a report for Council's consideration.
44. The recruitment of those members of the Committee is to be based on merit, and it is important that the selection process used is transparent and accountable.
45. All Committee members will be appointed by Council. Once the independent external member(s) is/are appointed, they will receive a letter of appointment clearly detailing the terms of their appointment and their award remuneration rates, as well as a copy of this Charter.
46. Committee members must also decline any request to act as referee to any applicants for vacant positions on the Committee.

## Reporting

47. At the first Committee meeting post 30 October each year, a performance report will be provided to the Committee dealing with:
- a) an overall assessment of Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Council;
  - b) a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
  - c) details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended;
  - d) a summary of Council's progress in addressing the findings and recommendations made in internal and external audit reports;
  - e) the performance of Internal Audit for the financial year as measured against agreed key performance indicators; and
  - f) the approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.
  - g) any other matters deemed to be of sufficient importance.



## Audit, Risk and Improvement Committee Charter



48. The Committee should report regularly to Council on the internal audit function, on the management of risk and on internal controls as and when required. The Committee may also make recommendations to Council and the Chief Executive Officer.
49. At a minimum the Committee will report to Council on its activities at least yearly coinciding with the financial year and the annual statement time.
50. The Annual and Three-Year Audit Plans will also be submitted to Council as part of the Committee's report to Council.
51. Council may request the Chair of the Committee to address Council and to answer any enquiries about the operation of the Committee. In consultation with the Chair some or all of the Committee's annual report will form part of Council's Annual Report.

## Administrative arrangements

### ***Meetings of the Committee***

52. The Committee is bound by Council's adopted [Code of Conduct](#).
53. All Committee meetings must be run fairly, and the procedures used should improve decision making and not be used for personal or political advantage.
54. All matters should be considered consistently, fairly, promptly, and on their individual merits.
55. A forward meeting plan for the following year, including meeting dates and agenda items, will be agreed by the Committee in December of each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Charter.
56. The Committee will meet at least four times per year. A special additional meeting may be held for the review and endorsement of the annual audited financial reports and external audit opinion.
57. The need for any additional meetings will be determined by resolution of the Committee. Such resolutions do not bind the Council to commit additional resources to the conduct of those meetings unless the Chief Executive Officer or the Council, by resolution, agrees to those additional meetings.
58. It is expected that Committee meetings will be attended by each voting Committee member in person. However, if there is a valid reason and with the prior approval of the Chair, a voting Committee member may attend by telephone or by video conference.
59. Non-voting participants at Committee meetings will also be expected to attend in person, however where this is not practical and with the prior approval of the Chair, they may attend by telephone or by video conference.

## Audit, Risk and Improvement Committee Charter



60. Committee meetings are closed to the public.

**Attendance at meetings and quorums**

61. The quorum for a meeting of the Committee will be the majority of the voting members of the Committee. A quorum must include at least two Independent External Members.

62. If it is determined two days prior to the Committee meeting that a quorum will not be achieved, the Committee meeting is to be reconvened to a later date. If for any reason a quorum is not present within half an hour of the scheduled commencement of the meeting, the meeting shall be rescheduled.

63. A Committee member will be deemed to have relinquished their membership of the Committee if they do not attend two consecutive meetings of the Committee without notice or satisfactory (as determined by the Chair – or in the case of the Chair the majority of the Committee) explanation.

64. Section 376 of the [LG Act](#) relevantly provides:

- (2) *The general manager is entitled to attend a meeting of any other committee of the council and may, if a member of the committee, exercise a vote.*
- (3) *However, the general manager may be excluded from a meeting of the council or a committee while the council or committee deals with a matter relating to the standard of performance of the general manager or the terms of the employment of the general manager.*

65. The Chief Executive Officer (Council's General Manager) may only be excluded from the meeting as set out above or while the Committee deals with a matter relating to the standard of performance of the Chief Executive Officer or the terms of the employment of the Chief Executive Officer.

66. The Chief Executive Officer will permit the Committee to meet separately with the Chief Internal Auditor and any External Auditor(s) in the absence of management on at least one occasion per year, should the Committee resolve that such meetings are appropriate and necessary.

67. The Committee may also request any other Council Official to participate in meetings should the Committee deem this necessary.

68. All employees of Council are subject to the direction of the Chief Executive Officer and not the Committee or any of its members. In this regard all correspondence or contact with staff is to be through the Chair of the Committee addressed to the Chief Executive Officer.

## Audit, Risk and Improvement Committee Charter

**Secretariat**

69. The Director, Governance is to ensure adequate Secretariat support to the Committee is provided.
70. The Committee Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared, maintained, approved and distributed as required.

**Agendas, Minutes, Internal Audit Reports and Supporting Papers**

71. The agenda for meetings of the Committee will be set by the Chair (in consultation with the Chief Executive Officer and the Chief Internal Auditor) at least two weeks before a meeting.
72. The agenda must specify the time and place at which, and the date on which, the meeting is to be held and the business proposed to be transacted at the meeting.
73. If a Committee member wishes to raise an urgent/late item that is not on the agenda, the Chair shall determine the appropriate manner for dealing with the matter in accordance with Council's adopted Code of Meeting Practice.
74. The Committee must ensure that full and accurate minutes of the proceedings of its meetings are kept. In particular, the Committee Secretariat must ensure that the following matters are recorded (at a minimum) in the minutes:
- a) a date and time of meetings, attendees and any apologies;
  - b) the endorsement (or otherwise) of the minutes from previous the meeting;
  - c) whether there was business arising from previous minutes;
  - d) notation of reports or correspondence;
  - e) details of each motion moved at a meeting and of any amendments moved to it;
  - f) whether the motion or amendment is passed or lost;
  - g) Committee recommendations;
  - h) items of general business; and
  - i) the time meeting closed, date and venue for next meeting.
75. Minutes shall be approved by the Chair and circulated to all Committee members and Councillors within three weeks of the meeting being held and are to be confirmed at the next Committee meeting.
76. All meeting minutes that are approved by the Committee will be reported to the next available Council Meeting for information purposes
77. All Committee Agendas set by the Chair and Minutes confirmed by the Committee will be recorded in Council's electronic document management system and made publicly available on Council's website.

## Audit, Risk and Improvement Committee Charter



78. Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website unless the business is of the following kind:
- a) Personnel matters concerning particular individuals;
  - b) Personal hardship of any resident or ratepayer;
  - c) Information that would, if disclosed, confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business;
  - d) Commercial information of a confidential nature that would, if disclosed:
    - i. prejudice the commercial position of a person who supplied it; or
    - ii. confer a commercial advantage on a competitor of Council; or
    - iii. reveal a trade secret; or
    - iv. prejudice the position or activities of Council;
  - e) Information that would, if disclosed, prejudice the maintenance of law;
  - f) Matters affecting the security of Council, Council Officials and Council property;
  - g) Advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege;
  - h) Information that is determined by the Committee or the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published; or
  - i) Information concerning the nature and location of a place or an item of Aboriginal significance on community land.
79. If the subject business is of a kind listed above, then those documents will be issued under separate cover to the Agenda and are to be treated as confidential.
80. The grounds for restricting public access to documents will be stated in the Agenda along with an explanation provided as to why public access would be, on balance, contrary to the public interest.

***Confidential matters received outside the Charter***

81. When the Committee receives confidential referrals/requests that do not fall within the ambit of this Charter or the Committee's responsibilities, the Committee will refer such matters (with any suitable recommendations) to the Chief Executive Officer to deal with appropriately.
82. The Chief Executive Officer will advise the Committee of the outcome of any matters referred to the Chief Executive Officer for action under Clause 81 at the next available Committee Meeting.

***Privacy and Conflicts of Interest***

83. The Committee Charter will comply with Council Policies and the LG Act in relation to confidentiality, privacy and reporting.
84. Members of the Committee will not disclose matters dealt with by the Committee to third parties except with the express approval of the Committee.

## Audit, Risk and Improvement Committee Charter



85. A conflict of interest exists where a reasonable and informed person would perceive that members of the Committee could be influenced by a private interest when carrying out their public duty.
86. All members of the Committee must avoid or appropriately manage any conflict of interests. The onus is on members of the Committee to identify a conflict of interest and take the appropriate action to manage the conflict in favour of their public duty. All members of the Committee must comply with Council's Code of Conduct at all times.
87. Committee members, attendees, invitees, observers and Council Officials must declare any conflicts of interest at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted and be dealt with in accordance with Council's adopted Code of Conduct.
88. Where Committee members, attendees, invitees, observers or Council Officials at Committee meetings are deemed by the Chair (or in the case of the Chair by the majority of the Committee) to have a real or perceived conflict of interest, they will be excused from Committee deliberations and leave the meeting on the issue where the conflict of interest may exist in accordance with Council's adopted Code of Conduct.

**Health and Safety**

89. Council is responsible for providing a safe work environment and gives priority to the health, safety and welfare of Council Officials and of Committee members. Committee members should protect their safety and that of others in the work environment and public areas as required. All safety concerns should be reported immediately to Council Officials.
90. No one should take part in activities or attend Committee meetings while under the influence of alcohol or other drugs which could impair abilities or cause danger to themselves or others.

**Public comment and media statements**

91. All public comments and media statements representing Central Coast Council must be approved by the Chief Executive Officer.

**Induction**

92. It is a condition of Committee membership that all members undertake Code of Conduct and Protected Disclosure training.
93. The Director, Governance will ensure that all new Committee members receive all relevant information, training and briefings on their appointment to assist them to meet their Committee responsibilities.

Audit, Risk and Improvement Committee Charter



**Assessment Arrangements**

- 94. In consultation with the Committee members and the Council, the Chief Executive Officer will establish performance measures for the Committee and implement measurement, feedback, reporting and review mechanisms relating to those measures.
- 95. Additionally, the Chair will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chair), with appropriate input from Council’s Senior Management and any other relevant stakeholders, as determined by the Chair.
- 96. The review will also consider and report to Council on this Charter and the Internal Audit Charter, and it is to be included in the Committee’s annual report to Council.

**Vacancy**

- 97. If for any reason a vacancy in the Committee membership occurs, the position(s) shall be filled in accordance with this Charter.

Endorsed by the Committee

**Date:** \_\_\_\_\_ 2020

Adopted by Council

**Date:** \_\_\_\_\_ 2020



**Item No:** 5.4  
**Title:** Review of Actions - Council resolution  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13987413  
Author: Shane Sullivan, Unit Manager, Governance and Business Services  
Executive: Gary Murphy, Chief Executive Officer

## **Report Purpose**

The purpose of this report is to update the Committee on actions taken to date as a result of Council's resolution of 28 October 2019 in response to a report regarding the establishment of an Integrity and Ethical Standards Unit. It is proposed to subsequently provide a report to Council in accordance with the resolution of Council.

## **Recommendation**

- 1 That the Committee note the actions taken in response to the Council resolution of 28 October 2019 and that a further report is to be provided to Council.**
- 2 That 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.**

## **Context**

At its meeting held 28 October 2019, Council resolved in part as follows:

- 1015/19 That Council direct the Chief Executive Officer to:
- a Develop a Governance Dashboard for Quarterly Reporting to Council;
  - b Increase the transparency associated with the Internal Ombudsman function by:
    - i Developing a Charter for the Internal Ombudsman (IO) to clearly describe the role and function of the IO, and the types of complaints that are investigated;
    - ii Annual reporting by the IO in Council's Annual Report;

## 5.4 Review of Actions - Council resolution (contd)

---

- iii *Development of an internet page to clearly describe the IO's role and how the community can interact with them.*
  
- c *Establish an internal forum to monitor the Dashboard and enhance communication between key functions such as Governance, People and Culture, Customer Service, Internal Ombudsman, Internal Audit, and Finance; and*
  
- d *Ensure mechanisms a), b) and c) are in place by the end of 2019 and the outcomes reviewed by mid-2020 so that a report can be provided to Council to determine if these activities have achieved the desired outcomes.*

### **Current Status**

*Develop a Governance Dashboard for Quarterly Reporting to Council.*

A Dashboard was developed and was to be presented to the Committee at the March meeting. Unfortunately, due to technological constraints it was not possible and out of session meetings were conducted.

Consultation regarding the Dashboard has been had with members of the Audit, Risk and Improvement Committee and the Executive Leadership team. As a result of that feedback some further changes were identified. For example:

- Identifying Financial Indicators beyond those reported as a matter of course (currently with acting Chief Financial Officer)
- Identifying lead indicators where possible
- Ensuring the measures are easy to provide and meaningful for management purposes (rather than an additional layer of reporting)

It is proposed that the Dashboard be provided to Council as an attachment to the report to Council following this Committee meeting.

Subsequently, the report will be provided every quarter to the Executive Leadership team, then the Committee and then to Councillors. To allow for the information to be meaningful, it may be necessary to do this outside of the Committee meeting cycle (at the end of each quarter).

It is noted that there is a Corporate project to review the capturing and reporting of KPIs and the Dashboard will be reviewed regularly in light of that project.

*Increase the transparency associated with the Internal Ombudsman function by:*

- i *Developing a Charter for the Internal Ombudsman (IO) to clearly describe the role and function of the IO, and the types of complaints that are investigated;*



#### 5.4 Review of Actions - Council resolution (contd)

---

The Internal Ombudsman Charter was adopted by Council at its meeting held 11 May 2020.

*ii Annual reporting by the IO in Council's Annual Report;*

This will be included as appropriate as part of Council's 2019/20 Annual Report.

*iii Development of an internet page to clearly describe the IO's role and how the community can interact with them.*

The internet page went live on Friday, 22 May 2020 and can be found here:

<https://www.centralcoast.nsw.gov.au/council/about-council/office-internal-ombudsman>

*Establish an internal forum to monitor the Dashboard and enhance communication between key functions such as Governance, People and Culture, Customer Service, Internal Ombudsman, Internal Audit, and Finance.*

A Governance Forum comprised of the following staff was established and first met on 2 December 2019:

- Director, Governance
- Senior Internal Ombudsman
- Chief Internal Auditor
- Executive Manager, People and Culture
- Chief Financial Auditor
- Unit Manager, Community Engagement
- Unit Manager, Governance and Business Services

The Forum is meeting every two/three months.

At its meeting in April, the Forum discussed using the NSW Audit Office Governance Lighthouse as a framework for a plan of work and review. The Forum is due to meet on 15 June 2020 so any update can be provided verbally to the Committee.

*d Ensure mechanisms a), b) and c) are in place by the end of 2019 and the outcomes reviewed by mid-2020 so that a report can be provided to Council to determine if these activities have achieved the desired outcomes.*

The activities as identified were not in place by the end of 2019 with the exception of the establishment of the Governance Forum. It is noted however that work commenced on the various actions following the resolution of Council but that completion took longer than the end of 2019.

It is recommended that above be reported to Council with a recommendation that a further assessment be provided to Council in early 2021. This will allow time for the measures to be embedded and assessed for effectiveness.

## **5.4 Review of Actions - Council resolution (contd)**

---

To have an evidence based approach it is proposed that some surveys be conducted to gather information about the effectiveness of systems. Given this is an iterative process there is value in having the opportunity to assess, adjust and re-assess.

It is also noted that the assessment done against the Office of Local Government Risk Management and Internal Audit Framework (Discussion paper) will also inform future actions. It is noted that this is the subject of a further report on this Business Paper.

### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal G: Good governance and great partnerships**

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

### **Attachments**

Nil



**Item No:** 5.7  
**Title:** COVID-19 Council Actions  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13987508

Author: Shane Sullivan, Unit Manager, Governance and Business Services

## Summary

This report is provided to update the Committee of actions taken by Council in response to COVID-19.

## Recommendation

- 1 That the Committee note the report.***
- 2 That the supporting papers to this Report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

## Background

At its meeting held March, the Committee resolved that a weekly update be provided to the Audit, Risk and Improvement Committee on the COVID-19 situation.

Accordingly, reports were provided to the Committee on the following dates:

- 1 April 2020
- 8 April 2020
- 15 April 2020
- 22 April 2020
- 29 April 2020
- 6 May 2020
- 13 May 2020

In the updated provided 13 May 2020, it was noted that the weekly reports would cease but that a report would be provided to the Committee Meeting in June.

On Monday, 25 May 2020, the CMT determined to close out the Business Continuity Response and transition to work to business as usual (and projects). The attached close out report was provided and prepared.

## Attachments

- 1 Close Out Report - 25 May 2020 D13992124**

## Summary:

The purpose of this report is to formally close out the business continuity response of Central Coast Council in response to COVID-19

Issue	On Monday, 16 March 2020 the Central Coast Council Business Continuity (BCP) response was formally activated.
Analysis	<p>Given the current climate, it is recommended that the Central Coast Council Business Continuity response be formally de-activated.</p> <p>In accordance with the Pandemic Plan the BCP was activated at the level of Moderate Severity (being confirmed cases reported in the Central Coast local government area).</p> <p>The current level is now Low Severity (being cases evident in Sydney or neighbouring local government areas)</p>

## Recommendations and actions:

---

- 1 That the Continuity Management team formally de-activate the Central Coast Council Business Continuity response.
- 2 That the Continuity Management team note the close out report provided and ongoing actions identified.
- 3 That the Continuity Management team endorse the Next Steps identified.
- 4 That the status level continues to be monitored by the Executive Leadership team noting the Business Continuity response can be re-activated as required.

## Approval

---

### Recommendations approved

Endorsed by Continuity Management Team at CMT Meeting

Date: 25 May 2020 at 10:05am

## Summary

---

The following summarises key actions and decisions during the period the BCP was activated. In some instances there are ongoing elements that have been identified to capture the ongoing projects or business as usual tasks. Business as usual tasks have been identified with the relevant area.

Services	<p>Around 70% of Council services continued to be provided without interruption during the period.</p> <p>Those services that were interrupted either completely or in part now have Return to Service plans developed. These are three stage plans that cover current status, escalation to open and then return to normal levels.</p> <p>Ongoing: Return to Service Project (Project)</p>
Customer and Community	<p>Council continued to provide a significant amount of services to the community.</p> <p>As this was a Pandemic response rather than a response to a specific event, other services and agencies were experiencing the same constraints. As a result, there was a high level of community and customer appreciation for the circumstances of closures.</p>
Workforce	<p>On 17 April 2020 Council signed up to the Splinter Award.</p> <p>All permanent staff have retained their roles during the period. A small number of staff have been redeployed to alternate duties until such time as they are able to return to their substantive roles.</p> <p>A significant proportion of the workforce was able to work from home during the period with rates of around 50% of staff working remotely. A project to leverage the opportunity of Working From Anywhere has commenced.</p> <p>Two staff sentiment surveys were conducted both with response rates of over 50%. The feedback was very strong with positive feedback from staff regarding the levels of support and clarity as to expectations.</p> <p>Ongoing: Regular conduct of Staff Surveys (People and Culture)   Work from Anywhere Project (Project)   Management of redeployed staff (People and Culture)   Provision of work location information through BI Platform (People and Culture)</p>

## Financial impact

In the last week of April, Council engaged Grant Thornton to undertake a project to plan Council's financial management and planning in response to COVID-19. The scope for this project has been agreed.

Tenders have been assessed prior to release to the market and this will continue to manage cashflow.

Delegation levels have been reviewed to provide a mechanism for the management of cashflow.

A report was adopted at the Council Meeting of 27 April 2020 regarding borrowings. Further report to be considered at the 25 May 2020 meeting.

A Regulation was made that provided Councils with the option to delay adoption of the budget and Operational Plan by one month. It was determined not to take up this option given the impact on longer term budgeting.

Ongoing: Project being undertaken by Grant Thornton (Finance) | Assessment of tender progression by ELT (Finance) | Distribution of delegation documents (Governance)

## Supplies

The Continuity Management has access to dynamic reporting regarding stock levels. Council's stock levels at the end of the period are very satisfactory.

Ongoing: Provision of regular supply data through BI platform (Finance)

## Facilities

Child Care Centres remained open although attendance was reduced. Where care was suspended the place remained secure for the child. Occasional care continued to be offered.

Playgrounds and skate parks were closed from 30 March 2020. They re-opened 15 May 2020.

Beaches remained open for exercise purposes. This was an area which required close monitoring and liaison with the NSW Police to manage congregation.

Boat ramps remained open.

Immunisation clinics in the north continued to operate.

Council worked with Destination NSW and local media to discourage holiday makers from coming to the coast over the Easter holidays.

Council's waste facilities re-opened to the public on 22 April 2020. This was in response to advice from the Office of Local Government. They had originally closed due to challenges in enforcing social distancing.

Ongoing: Return to Services project (Project)

#### Events

Council events through to or beyond 30 June 2020 were either cancelled or postponed as of 17 March. Staff events cancelled as of 17 March 2020.

Ongoing: Return to Services project (Project)

#### Task Force responses

On 31 March 2020 Council announced the establishment of an Economic Task Force to respond to local business impacts. This Task Force continues to meet.

On 27 April 2020 Council resolved to establish a Social Impact Task Force for the following six months. This Task Force continues to meet.

Ongoing: Economic Task Force (Innovation and Futures) | Social Impact Task Force (Connected Communities)

#### Interagency Actions

NSW Health is the lead agency for Pandemic responses.

Upon activation of the BCP meetings were conducted with NSW Health Local Area representatives and the Local Area Command Police. This assisted the ongoing sharing of information.

Upon activation of the BCP there was confusion as to Council's representative at a SEOC level as a water authority. This was subsequently identified after some time.

Communication with the Office of Local Government was not always timely which proved challenging. Despite completing regular feedback surveys there were no responses.

Council continues to receive daily updates from the State Emergency Operations Centre through to our Local Emergency Management Officer.

Ongoing: Distribution of SEOC reports (LEMO)

## Communication

Regular updates were provided to Councillors. These were each week day from 17 March 2020 to 20 April 2020 (either by email or via a meeting with the CEO) . Weekly remote updates were provided by the CEO and continue.

The Councillor Briefing cycle recommenced from Monday, 6 April 2020. The first remote Council Meeting was conducted on 27 April 2020. Two videos of the meeting are available on Council's YouTube channel – one is the live video of the meeting and the second allows viewers to see the Councillors.

All staff are receiving weekly communications from the CEO and regular updates.

Ongoing: Weekly CEO and Councillor remote meetings (Governance) | Staff Bulletins (Connected Communities) | CEO Updates to Leadership (CEO Office)

## Meeting structure and Decision making

During the period the CMT reviewed its meeting cycle periodically and towards then end of the period did so every two weeks.

The Tactical Team met more regularly but for shorter periods to continue the delivery of actions and tasks.

Decisions were captured in a decision log at each CMT meeting. The decision log is attached to this report.

Actions were captured in an action log at each CMT and TT meeting. Open actions are listed below with recommendations.

Alternates were briefed as a contingency plan.

## Opportunities

As of 24 March 2020, an opportunity register was started.

As a result of the information captured some future projects have been identified. This includes the Working From Anywhere project and a number of IM&T projects.

Ongoing: Working from Anywhere project (Project) | IM&T review of opportunities (IM&T)



## Governance

At its meeting held 9 April 2020 the CMT formally considered the ICAC report regarding good governance during this period. From that report several actions were identified and implemented.

Decisions, Actions, Tasks and Meeting records were maintained. Daily summary updates were also collated for meeting days of the CMT.

Ongoing: Confirm capture of records (Governance) | Finalise Pandemic Sub-Plan (Governance)

## Open Actions and Tasks:

The following Actions remain open as at 25 May 2020.

#	Theme	Meeting Date	Action	Responsible
A8	Economic	6/04/2020	Likely impact on 2019/20 Operational Plan	RM
A9	Economic	6/04/2020	Potential impact on 2020/21 Operational Plan	RM
A6	Future Focus	6/04/2020	Develop and implement a project for the collection and monitoring of key statistics that will provide information about impacts on the Central Coast from an economic and community perspective. Include the identification and monitoring of key lead indicators.	Project - RM

It is recommended that the above Actions transition to business as usual for reporting through the Executive Leadership team.

The following Tasks remain open as at 25 May 2020.

#	Theme	Meeting Date	Task	Responsible
T15	WFA	15/05/2020	Develop more detailed plan for WFA Pilot Study (Project team through TT)	Tactical team - JM/MB

T16	WFA	15/05/2020	Prepare the WFA Business Case (Project team through TT)	Tactical team - JM/MB
-----	-----	------------	---	-----------------------

It is recommended that the above Tasks transition to the Working from Anywhere project for reporting through the Tactical Team (see Next Steps) to the Executive Leadership Team.

## Next steps:

---

- It is proposed that the Tactical team continue to meet for the purpose of assisting with the Working From Anywhere project and undertaking other corporate tasks as identified by the Executive Leadership team.
- Documentation and records as a result of the activation of the BCP are to be reviewed to ensure everything is captured in Content Manager.
- The Pandemic sub-plan to the BCP which is being drafted is to be finalised and provided to ELT for review.
- The Executive Leadership team should conduct a post event review. It is recommended that this be conducted in August 2020 (assuming no change to the BCP status)

## Authors:

---

Author:

Shane Sullivan

Unit Manager Governance and Business Services

m: 0478 322 132

e: [shane.sullivan@centralcoast.nsw.gov.au](mailto:shane.sullivan@centralcoast.nsw.gov.au)

## Decision Register (Attachment)

Date	Area	Decision Details	Decision maker
16/03/2020	Governance	BCP activated at 9.15am	GM
16/03/2020	People	Fixed location for staff from 17/3	CMT
16/03/2020	People	Cancel/Postpone staff gatherings	CMT
16/03/2020	Customer/Client	Minimise face to face meetings	CMT
16/03/2020	People	Test remote working Friday 20/3	CMT
16/03/2020	Events	Cancel/Postpone events on a rolling basis	CMT
17/03/2020	Supplies	Prioritisation of hygiene stock to be done	CMT
17/03/2020	Governance	Daily status to be updated each day	CMT
17/03/2020	Events	Council events to be cancelled through 30 April	CMT
17/03/2020	Governance	Meeting of 23 March to be Extraordinary and closed to public	CMT
17/03/2020	Community Facilities	Council run Over 50s centres are to be closed effective 18 March	CMT
18/03/2020	Community Facilities	Laycock will be ceasing performances until end of April	CMT
18/03/2020	Community Facilities	Art Gallery can remain open with limited activities (<100 pax)- no tours	CMT
18/03/2020	Community Facilities	Libraries will have no events (<100 pax)	CMT
18/03/2020	Community Facilities	Manage venues to limit to less than 100 pax	CMT
18/03/2020	Community Facilities	Once cleaning supplies are unavailable close the facility	CMT
18/03/2020	Community Facilities	No creches operations at Rec Centres	JV

Date	Area	Decision Details	Decision maker
18/03/2020	Community Facilities	Art House to cease performances until end of April	JV
18/03/2020	Customer/Client	No concierge services at admin buildings	JV
18/03/2020	Community Facilities	Gwandalan Library closed - run by at risk volunteers	JV
18/03/2020	Community Facilities	Volunteers from The Entrance Visitors Centre, Gallery, Laycock and Community centres has been encouraged not to attend work	JV
18/03/2020	Volunteers	Landcare volunteering suspended - reviewed regularly	LS (SC)
18/03/2020	Governance	Add Michael Ross to the Tactical Team representing Stores/Procurement	CMT
19/03/2020	Community Facilities	All Centres remain open, with restricted services - creche at PLC and Lake Haven closed, learn to swim cancelled, group fitness moved into halls, and every second exercise machine turned off to adhere to social distancing, sports comps/events cancelled, aqua fitness cancelled - Leisure Facilities - PLC, Lake Haven, Niagara Pk, Wyong/Gos/Toukley Pools	JV
19/03/2020	People	Impacted casuals in self isolation - honouring pattern of shifts for previous 6 months	KB
19/03/2020	People	Identify a staged approach to work from home arrangements	CMT
20/03/2020	Supplies	Decision to prioritise cleaning products and stock to essential services	CMT
20/03/2020	Community Facilities	These facilities are to be closed to the public - Pools Libraries and Leisure Centres and some other specific buildings	CMT
20/03/2020	Community Facilities	Libraries are closed Monday to the Public - introducing click and collect	CMT
22/03/2020	Governance	Agreed moved to extreme under the Pandemic Plan	CMT
22/03/2020	People	Expectation that people will return to the workplace on Monday. However they will work from home from COB Monday where possible. Effort on Monday is to	CMT

Date	Area	Decision Details	Decision maker
		prepare for the provision of customer service and the ability to work effectively remotely.	
22/03/2020	Customer/Client	Interactions are to be online or via the phone. Staff effort to be put into preparing for customer service etc on Monday. Customer contact at the counters will be closed from Monday - will not open Monday.	CMT
22/03/2020	Governance	Council Meeting to progress at this time.	CMT
23/03/2020	Services	Beaches to be flags down with no patrols - in consultation with Surf Life Saving as of 25 March (pending agreement from Surf Life Saving)	CMT
23/03/2020	Services	Immunisation Centres to remain open (North)	CMT
23/03/2020	Services	Child Care centres remain open	CMT
23/03/2020	Facilities	Workplaces are to remain open over the week to allow a staged approach	CMT
23/03/2020	Services	Kincumber waste management facility is closing this week	BB
25/03/2020	Supplies	Team Leaders and Section Managers are to be the approval person for the issue of stock or PPE to ensure we are prioritising to essential areas	CMT
26/03/2020	Services	Holiday parks closed to all but permanent residents	BB
30/03/2020	Facilities	Playgrounds and skate parks to be closed	SC
30/03/2020	People	If we moved to lock down the goal is to provide staff meaningful duties within the parameters.	CMT
30/03/2020	Community Facilities	Beaches remain open at this time	CMT
30/03/2020	People	Recruitment is frozen - urgent cases require Director approval	CMT
30/03/2020	People	Contractor engagement requires Director approval	CMT
3/04/2020	Community Facilities	Libraries, rec centres, theatres etc -These facilities will be closed at least to 30 June 2020	CMT

Date	Area	Decision Details	Decision maker
3/04/2020	Events	Events will not be held prior to 30 June 2020	CMT
3/04/2020	People	Social distancing will be in place until 30 June 2020 - the different way of working will be in place until at least then	CMT
6/04/2020	Community Facilities	Beaches will be promoted as closed for the April holidays. Effective date to be determined in consultation with Police Amended 7 April - Beaches to remain open with comms not to congregate.	CMT
8/04/2020	People	Focus with redeployment will be to provide meaningful duties. If the work is directly related to COVID-19 then it should be costed to that cost centre. Otherwise, staff cost will be home costed but captured.	CMT
9/04/2020	Governance	ICAC report for COVID-19 risks was reviewed and the proposed action plan endorsed	CMT
15/04/2020	Economic	Current contracts will be continue. There is no intent to break any current contracts at this time	CMT - Contract meeting
17/04/2020	Economic	Tender decision tree to be used with final go/no go decision to be made by the relevant Director	CMT
17/04/2020	People	Council will sign up to the Splinter Award noting the significant financial impact. Note that priority remains to find meaningful work for staff and reduce excess leave. Decision was based on IR considerations	CMT
23/04/2020	Economic	Cash flow modelling to be done to provide an evidence based target for both OPEX and CAPEX. This will be adjusted on a regular basis as the target is re-assessed. Organisational view to be taken in assessing progress against the target.	CMT - Finance meeting
23/04/2020	Economic	Proposed that Council not extend the adoption of the Operational Plan by one month as provided in the Regulation	CMT - Finance meeting

Date	Area	Decision Details	Decision maker
29/04/2020	Governance	Agreed moved to moderate under the Pandemic Plan	CMT - TT Joint meeting
10/05/2020	Governance	Janine McKenzie and Michelle Bannister to join Tactical Team. Tactical team to drive the Working From Anywhere project	CMT - Future Focus meeting
20/05/2020	Economic	Delegation levels to be lowered for Section Manager and lower to have greater oversight of expenditure	CMT



**Item No:** 5.8  
**Title:** Self-Assessment Survey Action Plan  
**Department:** Governance

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13979213  
Author: Zoie Magann, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services

### **Report Purpose**

To provide the Committee with a draft Action Plan to address the areas for improvement noted in the ARIC Self-Assessment Survey Summary report and seek endorsement for the actions identified.

### **Recommendation**

- 1 That the Committee receive this report and endorse the draft Action Plan that is Attachment 1 to this report.**
- 2 That the Committee make a recommendation that 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.**

### **Context**

At the 17 March 2020 Audit, Risk and Improvement Committee (ARIC) meeting, the Committee received a report on the ARIC Self-Assessment Survey Summary (the Summary). The Summary detailed the results of the Self-Assessment Survey completed by ARIC stakeholders, and identified three areas for improvement based on common themes across the short answers and statement responses.

The three areas identified for improvement are:

- a) *membership of the Committee;*
- b) *focus on risk management; and*
- c) *following up on implementation of actions recommended from audits.*

It was recommended in the associated report that the ARIC identify any key points they considered should be included in a draft Action Plan, however no additional suggestions were received.



This report addresses each of the three areas identified and outlines any actions already taken in response to the survey outcomes. The accompanying draft Action Plan is included at **Attachment 1** to this report for the Committee's consideration. Adoption of the draft Action Plan will help ensure the Committee continues to meet its responsibilities in accordance with the [ARIC Charter](#).

### Membership

Results of the Self-Assessment Survey indicated that while the current three Independent External Members are regarded as highly skilled and knowledgeable, there is need for greater diversity. Respondents noted the Independent External Members offer an abundance of accounting and financial management experience, however some feel this needs to be broadened to other key areas such as risk management and corporate improvement.

The current three Independent External Members were appointed to the Committee by resolution of Council at the [26 April 2017 Ordinary Council Meeting](#) for a period of three years, after which they were eligible for extension/re-appointment following a formal review of their performance. A report regarding the reappointment of the Independent External Members went to Council at the [27 April 2020 Ordinary Council Meeting](#).

In response to the 27 April 2020 Council Report, Council resolved, in part:

301/20 *That Council recognise the contribution of the three Independent External Members of Audit, Risk and Improvement Committee for their assistance and contribution over the past three years and make the following phased re-appointments:*

- a *Dr Colin Gellatly (AO) be re-appointed for a period of one year;*
- b *John Gordon be re-appointed for a period of two years; and*
- c *Carl Millington be re-appointed for a period of three years.*

302/20 *That Council determines that the current remuneration for the three Independent External Members be maintained for the term of their reappointment, with the Independent External Members receiving \$20,920 per annum and the Chair receiving an additional 15% or \$3,138 per annum.*

Letters were consequently sent to each of the Independent External Members on 5 May 2020 to notify them of Council's Resolution and seeking their acceptance of the reappointment. As of 11 March 2020, all three Independent External Members accepted the offer of reappointment for the periods specified in Resolution 301/20. It is noted this matter will be

addressed at the start of the 17 June 2020 ARIC meeting, along with election of the ARIC Chairperson.

The phased reappointment provides for the recruitment of new Independent External Members in stages, as each of the membership terms draws to a close. This approach will help address the concerns raised about diversity of membership, while still allowing for continuity of performance. There is no action required of ARIC for this, as recruitment will be undertaken by staff as part of general management of the Committee.

### **Risk Management**

Results of the Self-Assessment Survey indicated that risk management should be a key focus for ARIC moving forward. Respondents identified that they would like to know the future direction for risk management, an area for which finalisation of Council's *Enterprise Risk Management Framework* (ERMF) will assist greatly. An improved understanding of the organisation and corporate governance were linked to outcomes for risk management and should also be considered ongoing by the Committee.

During 2019, the NSW Office of Local Government (OLG) released a discussion paper, *A New Risk Management and Internal Audit Framework for Local Councils in NSW*. The NSW OLG are currently considering the feedback provided to this discussion paper before finalising a new risk management and internal audit framework. While the ARIC Charter (endorsed by Council at the [24 February 2020 Ordinary Council Meeting](#)) covers the issues identified in the OLG's discussion paper as much as it can, it is unclear what the final version of the OLG Risk Management and Internal Audit Framework will be and what impact this will have on ARIC.

The revised OLG Risk Management and Internal Audit Framework is expected to be finalised in March 2021, however this may be delayed given the current pandemic situation. Once the framework is finalised a further report will be provided to ARIC and Council. It is noted that an assessment against the framework is provided as a report to the Committee at this meeting.

Regarding the current pandemic situation and risk management, the Committee remained informed through weekly updates which were circulated to all members via email as provided by the Continuity Management Team (CMT). In the last update provided 13 May 2020, the following was noted:

*As of 22 March 2020, the status level against the Pandemic Plan was determined by the CMT as extreme. On 29 April 2020, it was determined as moderate.*

*As this is the third report since the status being determined as moderate, it is not proposed to provide further reports. This will be reviewed should the status change. It is proposed that a report will be provided to the June ARIC meeting.*

In accordance with the above, no further reports were provided and an update is on the agenda for the 17 June 2020 meeting.

Moving forward, risk management will be a recurring item on future meeting agendas with an accompanied written report or verbal update to advise on key matters. The Director Governance (or their delegate) would be responsible for providing such updates. It is noted an update on Governance and Risk Activities will be provided at the 17 June 2020 meeting. Quarterly and annual updates have been proposed as per the draft Action Plan that is **Attachment 1** to this report.

### **Implementation of Audit Recommendations**

Results of the Self-Assessment Survey indicated that while ARIC provides efficient support for the Internal Audit (IA) function by reviewing and considering audit plans, reports, and identifying issues, there is a need for follow up on implementation of actions recommended from audits. This is not only perceived as a required focus area for ARIC, but also senior management and the Council.

At the 4 December 2019 ARIC meeting, it was recommended that the Chief Internal Auditor consider amending the process for closing audit actions so that actions can only be completed with sign off by a member of the Executive Leadership Team (ELT). This change was confirmed at the 17 March 2020 ARIC meeting, noting that ELT and Unit Managers have been notified of this requirement. Furthermore, the revised IA Charter was adopted by ARIC at the 17 March 2020 meeting, and provides the below with regard to implementation of actions recommended from audits:

*10.2 On completion of each internal audit engagement, Internal Audit shall issue a report to its audit customers detailing the objective and scope of the audit, and resulting issues based on the outcome of the audit. Internal Audit shall seek from the responsible senior executive an agreed and endorsed action plan outlining remedial action to be taken, along with an implementation timetable and person responsible. Responsible officers shall have a maximum of ten working days to provide written management responses and action plans in response to issues and recommendations contained in internal audit reports.*

At the 17 March 2020 meeting, ARIC also resolved, in part:

25/2020 (ARIC)	<i>That the Audit, Risk and Improvement Committee note that management has agreed the organisation are working towards one system for the implementation of management actions and in the future unit managers</i>
-------------------	--

## 5.8 Self-Assessment Survey Action Plan (contd)

---

*will be invited to attend the Audit, Risk and Improvement Committee meetings to discuss closure of their items.*

An update from Connected Communities will be provided at the 17 June 2020 meeting in accordance with the above.

It is noted that 'Implementation of Management Actions arising from IA Reviews' is a recurring item on agendas for ARIC meetings, as well as a Quarterly Progress Report from the Chief Internal Auditor.

The draft Action Plan as provided at **Attachment 1** stipulates that these items continue to appear on future meeting agendas as required by the [ARIC Charter](#).

### **Attachments**

- 1 ARIC - Draft Action Plan D13997383



## Audit, Risk and Improvement Committee Self-Assessment Survey – Draft Action Plan

Action	Responsible Officer	Due Date	Comments
The Committee to nominate a new Chairperson at the first meeting following 27 April 2020, in line with Council resolution regarding reappointment of Independent External Members.	ARIC members	17 June 2020 ARIC meeting	On agenda for 17 June 2020
Director Governance to provide a quarterly report to the Committee reporting against the Enterprise Risk Management Framework commencing with meeting in June 2020.	Director Governance or delegate	Quarterly ongoing, commencing with 17 June 2020 ARIC meeting	On agenda for 17 June 2020
Director Governance to provide an annual update to the Committee on the management and progress of the Enterprise Risk Management Framework commencing with the first meeting after 30 June 2020.	Director Governance or delegate	Annually ongoing, commencing with 13 October 2020 ARIC meeting	To be added to agenda for 13 October 2020
Chief Internal Auditor to continue providing a quarterly progress report on any IA issues to be noted by the Committee.	Chief Internal Auditor	Quarterly ongoing, continuing with 17 June 2020 ARIC meeting	On agenda for 17 June 2020
Chief Internal Auditor to continue providing report on implementation of management actions arising from IA reviews to ARIC meetings as required in the ARIC Charter.	Chief Internal Auditor	Quarterly ongoing, continuing with 17 June 2020 ARIC meeting	On agenda for 17 June 2020
Report to be provided to ARIC regarding the revised OLG Risk Management and Internal Audit Framework and any impacts on ARIC, including a revised ARIC Charter if required by the Framework.	Director Governance or delegate	First ARIC meeting after OLG Risk Management and Internal Audit Framework is finalised (expected March 2021)	Pending finalisation of OLG Risk Management and Internal Audit Framework



**Item No:** 7.3  
**Title:** Finance Update April 2020  
**Department:** Chief Financial Officer

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14009001  
Author: Vivienne Louie, Unit Manager, Financial Performance  
Michael Ross, Unit Manager, Procurement and Projects  
Melissa McCulloch, Acting Unit Manager, Financial Services  
Executive: Carlton Oldfield, Acting Chief Financial Officer

### **Summary**

To provide the Audit, Risk and Improvement Committee with an update on Council's Finances.

### **Recommendation**

- 1 That Council receive the report on Finance Update April 2020.**
- 2 That the Committee make a recommendation 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.**

### **Finance Update**

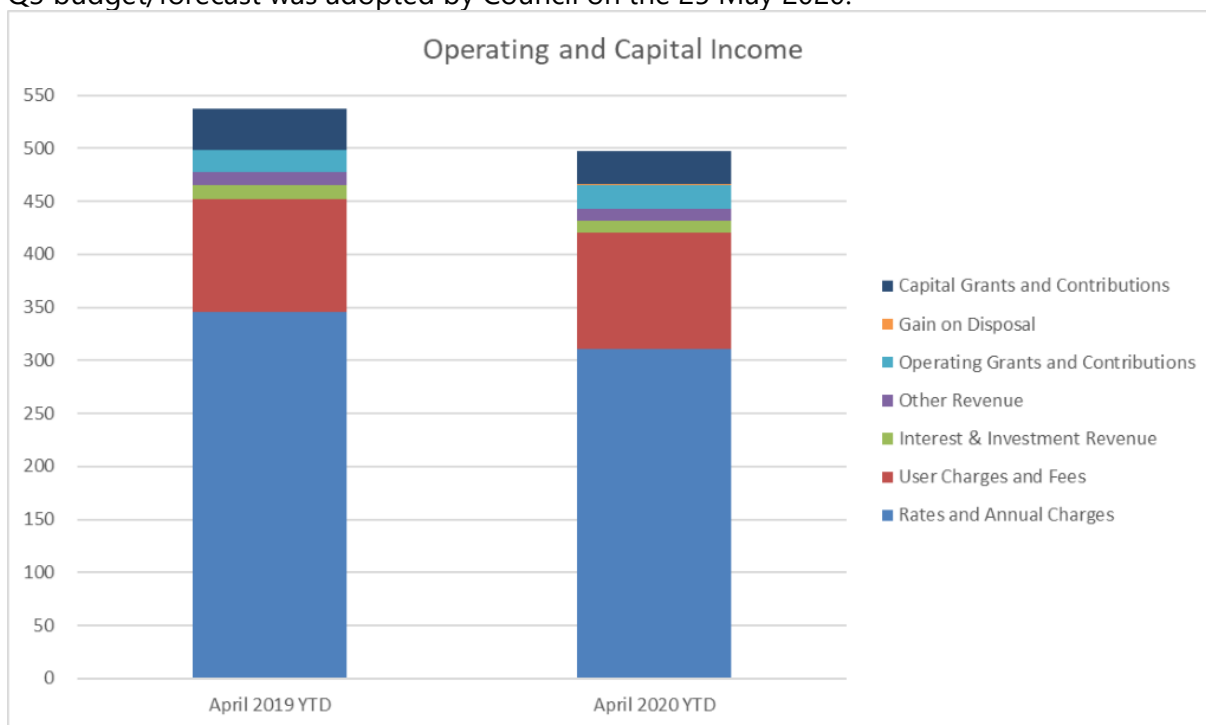
#### **April 2020 Financial Performance and Financial Position Information**

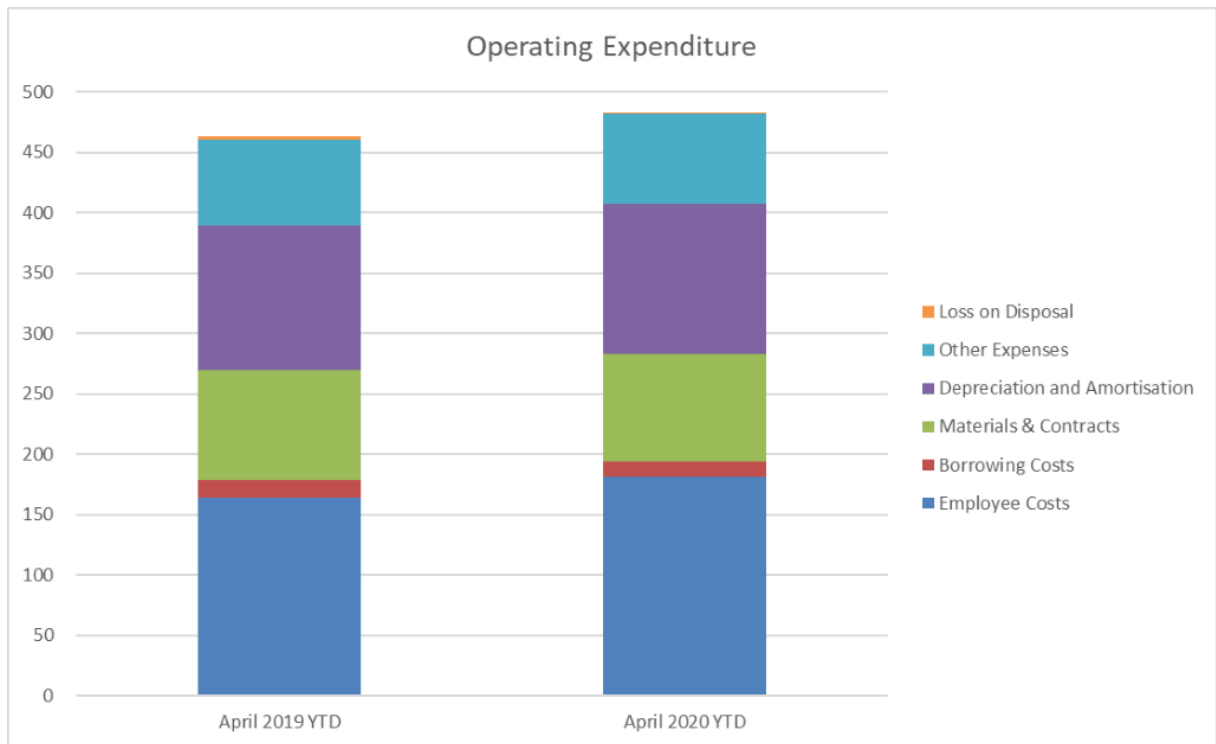
#### **Consolidated April 2020 with comparatives to Last Year**

### 7.3 Finance Update April 2020 (contd)

Consolidated Income Statement	April Year To Date				2018-20 FY	2018-19 FY					
	Actuals \$'000	Q2 Budget \$'000	Variance		Proposed Full Year Q3 Budget \$'000	2018-19 YTD Actuals \$'000	TY vs LY YTD Variance		Full Year 2018-19 Actuals \$'000	TY vs LY Forecasted	
			\$'000	%			\$'000	%		\$'000	%
<b>Operating Income</b>											
Rates and Annual Charges	310,233	314,296	(4,063)	(1.3%)	326,407	345,072	(34,840)	(10.1%)	362,706	(36,299)	(10.0%)
User Charges and Fees	110,611	118,796	(8,183)	(6.9%)	134,120	107,529	3,088	2.9%	133,925	195	0.1%
Interest & Investment Revenue	11,218	10,453	765	7.3%	12,416	12,660	(1,442)	(11.4%)	15,106	(2,690)	(17.8%)
Other Revenue	10,626	11,171	(545)	(4.9%)	12,627	12,520	(1,094)	(8.7%)	17,373	(4,746)	(27.3%)
Operating Grants and Contributions	22,770	20,614	2,156	10.5%	44,329	20,492	2,277	11.1%	40,618	3,711	9.1%
Gain on Disposal	577	1,493	(916)	(61.4%)	1,123	326	251	77.1%	-	1,123	
<b>Total Income Attributable to Operations</b>	<b>488,036</b>	<b>478,821</b>	<b>(9,215)</b>	<b>(1.9%)</b>	<b>631,021</b>	<b>488,698</b>	<b>(142,323)</b>	<b>(28.3%)</b>	<b>588,728</b>	<b>(42,293)</b>	<b>(7.2%)</b>
<b>Operating Expenses</b>											
Employee Costs	181,270	174,787	(6,483)	(3.7%)	209,709	163,950	(45,759)	(22.4%)	198,785	(10,924)	(5.5%)
Borrowing Costs	12,583	12,587	4	0.0%	16,836	14,411	(2,425)	(16.1%)	18,909	2,073	11.0%
Materials & Contracts	89,229	84,537	(4,693)	(5.3%)	107,480	91,428	(16,052)	(15.0%)	118,648	11,168	9.4%
Depreciation and Amortisation	123,941	115,937	(8,004)	(6.5%)	146,706	119,406	(27,300)	(18.6%)	145,649	(1,057)	(0.7%)
Other Expenses	74,641	79,268	4,627	6.2%	91,907	71,659	(20,248)	(22.1%)	89,836	(2,071)	(2.3%)
Loss on Disposal	725	-	(725)		-	2,265	1,540	68.0%	3,027	100.0%	
<b>Total Expenses Attributable to Operations</b>	<b>482,381</b>	<b>487,196</b>	<b>(4,815)</b>	<b>(1.0%)</b>	<b>672,648</b>	<b>483,120</b>	<b>(195,528)</b>	<b>(29.1%)</b>	<b>574,864</b>	<b>(97,784)</b>	<b>(17.0%)</b>
<b>Operating Result before Capital Amounts</b>	<b>(9,345)</b>	<b>9,706</b>	<b>(19,051)</b>	<b>(196.6%)</b>	<b>(41,627)</b>	<b>35,478</b>	<b>(77,105)</b>	<b>(217.4%)</b>	<b>(6,128)</b>	<b>(38,501)</b>	<b>(628.3%)</b>
Capital Grants and Contributions	30,949	34,485	(3,536)	(10.3%)	41,559	38,380	(3,179)	(7.6%)	67,523	(25,964)	(38.5%)
<b>Grants and Contributions Capital Received</b>	<b>30,949</b>	<b>34,486</b>	<b>(3,537)</b>	<b>(10.3%)</b>	<b>41,568</b>	<b>38,380</b>	<b>(3,188)</b>	<b>(7.7%)</b>	<b>67,523</b>	<b>(25,994)</b>	<b>(38.6%)</b>
<b>Net Operating Result</b>	<b>14,583</b>	<b>44,190</b>	<b>(29,607)</b>	<b>(67.0%)</b>	<b>(88)</b>	<b>73,558</b>	<b>(73,646)</b>	<b>(100.8%)</b>	<b>62,397</b>	<b>(62,486)</b>	<b>(100.3%)</b>

Q3 budget/forecast was adopted by Council on the 25 May 2020.

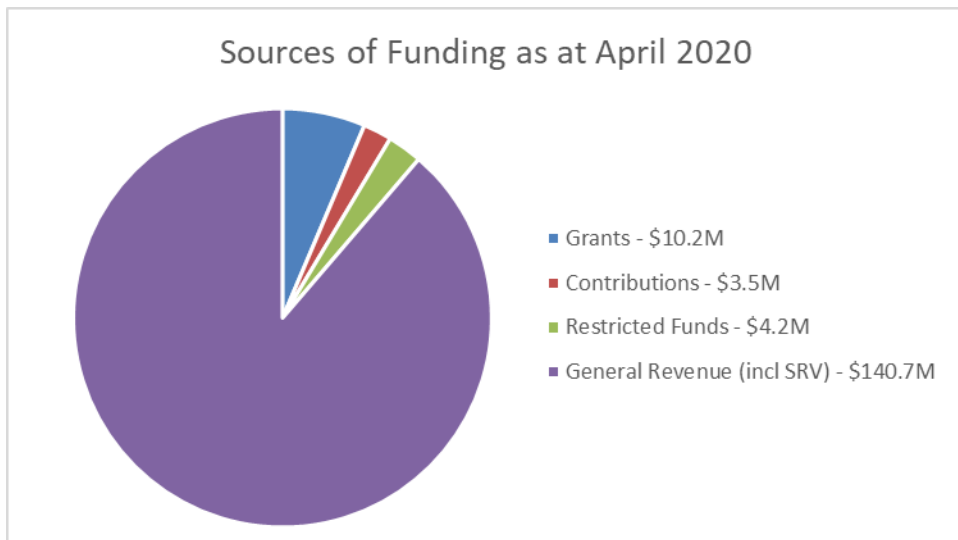
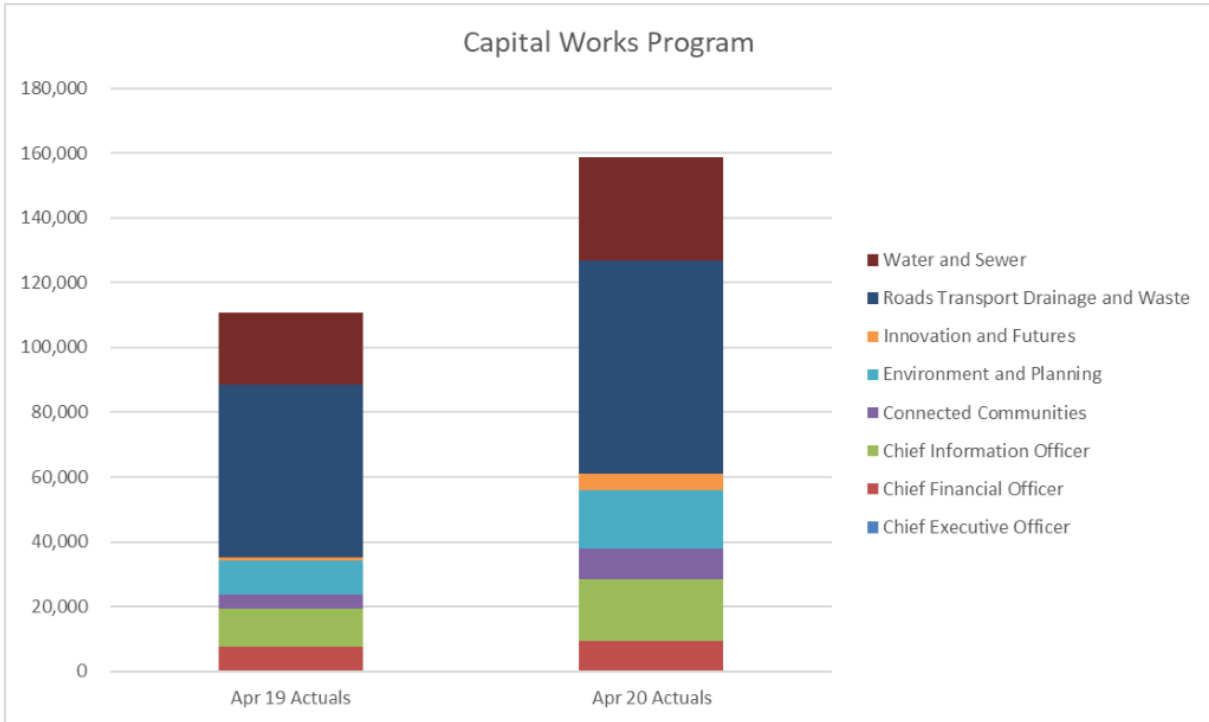






Capital Works Program as at April 2020 with comparatives to Last Year

Department	April 2020 Year to Date				2019-20 FY Proposed Q3 Budget \$'000	2018-19 FY							
	Actuals		Variance			YTD Actuals		TY vs LT YTD Variance		2018-19 FY Actuals		TY vs LT YTD Variance	
	\$'000	\$'000	\$'000	%		\$'000	\$'000	%	\$'000	\$'000	%		
Chief Executive Officer	42	80	(38)	(48.0%)	80	-	42		35	45	129.6%		
Chief Financial Officer	9,438	10,310	(872)	(8.5%)	17,151	7,730	1,708	22.1%	13,869	3,282	23.7%		
Chief Information Officer	19,039	20,710	(1,671)	(8.1%)	24,472	11,716	7,323	62.5%	16,263	8,209	50.5%		
Connected Communities	9,247	17,328	(8,080)	(46.6%)	18,353	4,287	4,960	115.7%	10,536	7,817	74.2%		
Environment and Planning	18,352	20,746	(2,354)	(11.3%)	40,734	10,460	7,932	75.8%	17,995	22,739	126.4%		
Innovation and Futures	4,766	6,334	(1,569)	(24.8%)	7,158	907	3,859	425.8%	2,023	5,135	253.8%		
Roads Transport Drainage and Waste	65,937	72,207	(6,270)	(8.7%)	86,185	53,439	12,498	23.4%	79,384	6,801	8.6%		
Water and Sewer	31,744	31,963	(218)	(0.7%)	39,753	22,273	9,472	42.5%	33,095	6,658	20.1%		
<b>Total</b>	<b>158,605</b>	<b>179,678</b>	<b>(21,073)</b>	<b>(11.7%)</b>	<b>233,886</b>	<b>110,812</b>	<b>47,793</b>	<b>43.1%</b>	<b>173,201</b>	<b>60,685</b>	<b>35.0%</b>		



**Other Updates:****Procurement Changes**

- Contracts Register and Decision Tree  
Strategic Procurement (per CMT request) have recently implemented a prioritisation tool for tenders/contracts exceeding \$150k in value. Information contained within submitted prioritisation tools are consolidated within a tender/contract register for ELT endorsement prior to market engagement. The primary focus of the tool is to drive contract expenditure away from general revenue and toward other funding sources such as developer contributions, grants and restricted assets.
- Contract Management  
Strategic Procurement are working through a restructure proposal which would involve transitioning the focus of the existing Project Management section toward centralised delivery of corporate style contracts (e.g. labour hire, traffic control, tree services, security, etc.) and high risk/high value civil and construction style contracts. This would reduce Council risk associated with delivery of these contracts and deliver better value for money outcomes.
- Financial Delegations changes were approved by the CEO in May 2020 and are effective as at the date the changes are made in our Corporate Systems. Testing is underway to make the changes in line with the table below. Communication of the changes and impacts will be made before the changes come into effect on 12 June 2020.

Positions	Former Delegation		Current Delegation	
	Financial Transaction Limit	Tender Acceptance Limit	Financial Transaction Limit	Tender Acceptance Limit
Chief Executive Officer	Unlimited (within budget)	Unlimited (within budget)	Unlimited (within budget)	Unlimited (within budget)
Executive Leadership Team	2,000,000	4,000,000	2,000,000	2,000,000
Senior Manager	1,000,000	2,000,000	N/A	N/A
Unit Manager	500,000	1,000,000	500,000	500,000
Section Manager	250,000	500,000	100,000	100,000
Team Leader or Coordinator	50,000	NIL	25,000	NIL
Supervisor, Ganger or Crew Leader	10,000	NIL	5,000	NIL

### 7.3 Finance Update April 2020 (contd)

---

- Purchasing Card limit were amended in May 2020 to align to changes in Council's Purchasing Card Policy as per the table below and transaction limits are set to \$1,000 unless the change is approved by either the cardholder's Director, CFO or CEO

Position	Maximum Card Limit
Chief Executive Officer, Director, ELT Member	\$10,000.00
Unit Manager, Section Manager, Purchasing Officer	\$5,000.00
All other cardholders	\$3,000.00

#### COVID

With the easing of social restrictions, the following services are re-opening or changes have

been made to how the services are being delivered based on easing of social restrictions and with COVID safe plans to keep staff and the public safe:

- Public play spaces, outdoor fitness equipment and skate parks
- Outdoor pools
- Indoor pools for squad training only
- Central Coast Stadium for NRL games which are closed to the public
- Libraries (Erina, Tuggerah, Bateau Bay and Umina Beach branches) with "Select and Collect" service
- Holiday Parks and Patonga Campground with good bookings for the June long weekend

Other services such as Gosford Regional Gallery will re-open once maintenance activities which have been brought forward as services have been closed are completed. Recent announcements from the State Government will allow fitness centres and community facilities to re-open from 13 June. Council as for all other services will review how these services can be resumed within the social restrictions which apply at the time as we are awaiting further details on restrictions to these services.

During the COVID-19 pandemic our childcare service have remained open as childcare is deemed an essential service to allow frontline workers to go to work. Also some leased community facilities remained opened to enable the provision of essential services.

Council is doing its part to kick start tourism on the Central Coast working with Destination NSW to showcase the Central Coast on Channel 9's Today Show, "Love Central Coast, NSW Australia" social media accounts and [visitcentralcoast.com.au](http://visitcentralcoast.com.au). Council is also a partner in the Bigger Backyard Central Coast which is a business to business support campaign encouraging businesses to take a moment before they purchase from outside the region check to see if that purchase can support a local business.

#### Developer Contributions/Grants Utilisation

Cross business unit collaboration has been undertaken to improve the reporting on developer contributions balances in Council's various developer contribution plans with a

focus on delivering the projects included in the plans. This aligns with the recent Minister's request to Council to expediate infrastructure works funded by developer contributions.

**Loan Refinancing**

Council resolved to borrow \$50m from NAB to refinance expiring debt facilities (\$27m or 55%) and fund its 2020FY capital works program \$23m or 45%. The originating debt was originally obtained at the time of GFC at rates exceeding 7-8% and refinancing this debt will improve borrowing costs in the future. This debt refinancing is the initial step in introducing a debt facility program to refinance these expiring loans and smooth out repayments over the long term.

**Attachments**

*Nil.*



**Item No:** 8.1  
**Title:** Contingent Workforce Engagement Report  
**Department:** People and Culture

---

17 June 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14004890  
Author: Hayley Egan, Personal Assistant to Unit Manager  
Executive: Krystie Bryant, Executive Manager, People and Culture

## Summary

The Purpose of this report is to provide the Audit, Risk and Improvement Committee (ARIC) with the current Contingent Workforce Engagement Report as per the resolution of item 4.14 at 11 May 2020 Council meeting.

The report submitted was a request from Response to Notion of Motion – Nine Million (\$9,000,000) Agency Agreement / Body Hire 9 March 2020 Council meeting.

## Recommendation

- 1 That the Audit, Risk and Improvement Committee receive this report regarding Contingent Workforce Engagement.**
- 2 That the Committee include on its annual program of works an update on this part of the ARIC report.**
- 3 That the Committee make a recommendation 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.**

## Background

Where Central Coast Council seeks to source temporary labour, Council uses the following sources of engagement to ensure a legal and compliant means of securing the resources:

- Local Government Procurement Contract - 808-3 Permanent and Temporary Placements and Associated Services;
- Central Coast Council Information Management and Technology (IM&T) Agency Hire Personnel Supplier Panel - CPA/1493;
- Central Coast Council Finance Agency Hire Personnel Supplier Panel CPA1527;
- Day Labour Contract – typically used for traffic control and general labouring; and
- Specialist recruitment request – CEO approval.

## 8.1 Contingent Workforce Engagement Report (contd)

The following table provides a breakdown of the contractual arrangements, the classification of roles and the work locations relating to those. The table has been updated to reflect current position as at 29 May 2020.

<b>Directorate</b>	<b>Contractual Arrangement</b>	<b>Classification of Occupation</b>	<b>Primary Work Location</b>	<b>CPA Report</b>
Connected Communities	LGP808-3	8 Professionals, 1 Administration, 1 Technicians and Trades Workers	Wyong and Gosford Administration Buildings, Long Jetty and Charmhaven Depots	10
Environment and Planning	LGP808-3	1 Professionals, 2 Technicians and Trades Workers,	Wyong Administration Building, Erina Depot, Operational - in the field	3
Finance	LGP808-3	2 Professionals, 1 Machinery Operators & Drivers 2 Technicians and Trades Workers 1 Administration	Erina and Charmhaven Depots, Wyong Administration Building	6
Governance	LGP808-3	1 Professionals, 1 Administration,	Gosford Administration Building	2
Innovation and Futures	LGP808-3	4 Professionals, 1 Administration,	Wyong and Gosford Administration Buildings	5
Information Management and Technology	Open Tender Process	36 IMT Professionals	Wyong and Gosford Administration Buildings and NEXUS	36
Roads, Transport and Drainage	LGP808-3	1 Professional, 1 Administration	Erina and Woy Woy Depots,	2

## 8.1 Contingent Workforce Engagement Report (contd)

Water and Sewer	LGP808-3	11 Professionals 4 Administration 4 Technicians & Trade Workers, 7 Labourers	Treatment Plants, Erina and Charmhaven Depot, Operational - in the field	26
<b>Total</b>				90

Contingent workers are located across many of Central Coast Council premises as indicated in the report. Whilst we are working through the current COVID-19 pandemic, any office located contingent workers are working from home, similar to many of our employees.

The second table provides numbers on day labour as at 22 May 2020. This workforce is required mainly on a daily basis within Roads, Transport, Drainage & Waste (RTD&W).

<b>Directorate</b>	<b>Contractual Arrangement</b>	<b>Classification of Occupation</b>	<b>Primary Work Location</b>	<b>CPA Report</b>
Roads, Transport and Drainage	LGP808-3	29 Labourers	Operational - in the field	29

Council are currently reviewing the framework for the engagement and management of temporary labour as well as the current reporting process. Additionally the current contractor process has been identified as part of the internal audit program. This internal audit program has commenced and the final report will also be shared with the Audit, Risk and Improvement Committee in line with standard process.

### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal G: Good governance and great partnerships**

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

### **Attachments**

*Nil.*