



AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

07 December 2022

Meeting Notice

**The Audit, Risk and Improvement Committee Meeting
of Central Coast Council
will be held in the Wyong Committee Room,
2 Hely Street Wyong
on Wednesday 7 December 2022 at 2.00pm,
for the transaction of the business listed below:**

Note: It was resolved at the 7 December 2022 meeting (please refer to the minutes) that items 4.1, 4.2, 4.3, 4.4, 5.1, 5.2, 5.3, 5.4, 6.3, 7.1 and 8.1 were not to be publicly released in accordance with the ARIC Charter. Whilst they are listed in the table of contents, the reports have been removed from the Business Paper.

General Reports

1.2	Disclosures of Interest.....	5
1.3	Confirmation of Minutes of Previous Meeting.....	7
1.4	Outstanding Action Items.....	20
1.5	Council's current status.....	23
2.1	Quarterly External Audit Report – update on progress with audit of 2022 financial statement	24
3.1	General Finance Update	25
4.1	Enterprise Risk Management Report - December 2022.....	49
4.2	Risk Maturity Assessment.....	66
4.3	Business Continuity Exercise Outcomes.....	83
4.4	IT Update - Management of Technological Risks and Cyber Security.....	96
5.1	Agreed Management Actions Tracker	105
5.2 – 5.4	Internal Audit Final Reports	107
6.1	Governance Lighthouse Report as at 30 September 2022.....	166
6.2	Council's Insurance Arrangements (34/2022).....	181
7.1	Report from the Office of the Internal Ombudsman	182
8.1	Work, Health and Safety Report.....	186
9.1	Meeting Dates for 2023.....	190
9.2	Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report.....	191

Confidential Items

6.3	Update on Legal Matters
-----	-------------------------

Please note item numbers correspond to items as they appear on the agenda (see pages 3-4).

1 Introduction – 2pm

1.1	Acknowledgement of Country, apologies and welcome	Verbal	ARIC Chairperson
1.2	Disclosures of Interest	Report	ARIC Chairperson
1.3	Confirmation of previous ARIC meeting minutes	Report	ARIC Chairperson
1.4	Outstanding action items	Report	ARIC Chairperson
1.5	Council's current status	Verbal	Chief Executive Officer

2 External Audit – 3:50pm

2.1	Quarterly External Audit Report – update on progress with audit of 2022 financial statement	Report	NSW Audit Office
-----	---------------------------------------------------------------------------------------------	--------	------------------

3 Financial Management – 2:20pm

3.1	General finance update (standing item)	Report	Group Financial Controller
-----	----------------------------------------	--------	----------------------------

4 Risk Management – 2:50pm

4.1	Enterprise Risk Management Report (standing item)	Report	Enterprise Risk Manager
4.2	Risk Maturity Assessment	Report	Enterprise Risk Manager
4.3	Business Continuity Exercise Outcomes	Report	Enterprise Risk Manager
4.4	IT Update	Report	Unit Manager Information and Technology

5 Quarterly Internal Audit – 3.20pm

5.1	Agreed Management Actions tracker	Report	Director – Centium / Unit Manager Governance, Risk and Legal
5.2	Internal Audit Report – Child Protection	Report	Director – Centium / Unit Manager Governance, Risk and Legal
5.3	Internal Audit Report – People & Performance	Report	Director – Centium / Unit Manager Governance, Risk and Legal

5.4	Internal Audit Report – National Heavy Vehicle Accreditation Scheme	Report	Director – Centium / Unit Manager Governance, Risk and Legal
-----	---------------------------------------------------------------------	--------	-----------------------------------------------------------------------

6 Governance – 4:10pm

6.1	Governance Lighthouse report as at Sept 30, 2022	Report	Unit Manager Governance, Risk and Legal
6.2	Council's Insurance Arrangements (34/2022)	Verbal	Unit Manager Governance, Risk and Legal
6.3	Update on legal matters (standing item)	Confidential Report	Unit Manager Governance, Risk and Legal

7 Control Framework – 4:30pm

7.1	Report from the Office of the Internal Ombudsman	Report	Senior Internal Ombudsman
-----	--------------------------------------------------	--------	------------------------------

8 Performance and Continuous Improvement – 4:40

8.1	Work, Health, and Safety Report	Report	Unit Manager People and Culture
-----	---------------------------------	--------	------------------------------------

9 General Business – 4:50pm

9.1	Meeting Dates for 2023	Report	Unit Manager Governance, Risk and Legal
9.2	ARIC Self-Assessment Survey Summary Report	Report	Unit Manager Governance, Risk and Legal

Item No: 1.2
Title: Disclosures of Interest
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15427081



Recommendation

- 1 *That the Committee note the standing declarations of current Committee members outlined in the table below.*
- 2 *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*
- 3 *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.*

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*

1.2 Disclosures of Interest (contd)

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.

Committee Members standing declarations

ARIC Member	Meeting Date	Disclosure of Interest
Carl Millington	13 July 2021 (noted outside of meeting)	Less than significant non-pecuniary interest as an Independent member on Randwick City Council Audit, Risk and Improvement Committee.
Arthur Butler	24 June 2021	Less than significant non-pecuniary interest as a member of the Audit, Risk and Improvement Committee for the Hunter and Central Coast Development Corporation.
Peter McLean	14 September 2022	Less than significant non-pecuniary interest as Chair, Audit, Risk and Improvement Committee, Federation Council, member of the Audit, Risk and Improvement Committee at Shoalhaven City Council and member of the Audit, Risk and Improvement Committee Goldenfields Water County Council and is a current Councillor for Camden Council.

Attachments

Nil



Item No: 1.3
Title: Confirmation of Minutes of Previous Meeting
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15427096
Author: Chantelle Ahio, Civic Support Officer
Manager: Edward Hock, Unit Manager Governance, Risk and Legal

Recommendation

- 1 *That the Committee confirm the minutes of the previous meeting held on 14 September 2022.*
- 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.*

The information provided in this report is current as at 11/11/2022.

Summary

The purpose of this report is to confirm the minutes of the previous Audit, Risk and Improvement Committee meeting held on 14 September 2022.

The minutes from 14 September 2022 were circulated to all Audit, Risk and Improvement Committee members by email on 4 October 2022 and were reported to the 11 October 2022 Ordinary Council Meeting.

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.

Attachments

- | | | |
|----------|---------------------------------------------------------------------|-----------|
| 1 | MINUTES - Audit, Risk and Improvement Committee - 14 September 2022 | D15454056 |
|----------|---------------------------------------------------------------------|-----------|



Central Coast Council
 Audit, Risk and Improvement Committee
 Meeting
 Held Online via Teams / Wyong Committee Room
 14 September 2022

MINUTES

Present

Carl Millington (Chairperson)	Independent member
Arthur Butler	Independent member
Peter McLean	Independent member
Rik Hart	Administrator

In Attendance

David Farmer	Chief Executive Officer
Edward Hock	Unit Manager Governance, Risk and Legal
Peter Correy	Group Financial Controller
Jade Maskiewicz	Assistant Internal Ombudsman
Sharon McLaren	Section Manager, Corporate Planning and Reporting
Robert King	Acting Unit Manager, People and Culture
Sue Ledingham	Unit Manager, Communications, Marketing and Customer Engagement
Chantelle Ahio	Civic Support Officer
Carolyn Patelis	Civic Support Officer
Rachel Gibson	Team Leader, Civic Support
Rachel Callachor	Meeting Support Officer
Caroline Karakatsanis	Director, Financial Audit, Audit Office of NSW
Rochele Antolin	Audit Leader, Financial Audit, Audit Office of NSW
Penelope Corkill	Director Risk and Assurance, Centium, Internal Audit Partner

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd**1 INTRODUCTION 2:02pm****Welcome, Acknowledgement of Country and Apologies**

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

It was noted that the meeting was being recorded for minute taking purposes. By attending the meeting, speakers consented to an audio record of the meeting. Recording of the proceedings of this Committee meeting are not permitted without prior approval of the Council. The meeting recording will be deleted once the meeting minutes are finalised.

Apologies received:

Jamie Loader - Director Water and Sewer

Lilly Mojsin - Senior Internal Ombudsman

Krystie Bryant –Director Corporate Services (Acting)

Boris Bolgoff – Director Infrastructure Services

Alice Howe – Director Environment and Planning

Melanie Smith - Director Community and Recreation Services

1.2 Introduction of and Welcome to new member 2:03pm

Carl Millington introduced and welcomed new member Peter McLean to the committee.

1.3 Disclosures of Interest 2:04pm

The Committee Members made the following standing disclosures:

- Peter McLean is involved with the following councils, Shoal haven City Council – Independent ARIC Member and Chair Federation Council – Independent ARIC Member, Goldenfields Water County Council – Independent ARIC Member and Chair, and is a current councillor for Camden Council.
- Carl Millington is a member of the Woollahra Municipal Council Audit Risk and Improvement Committee.

Resolution

78/22 (ARIC) *That the Committee note the standing declarations of current Committee members outlined in the table below.*

79/22(ARIC) *That the Committee now disclose any conflicts of interest in matters under consideration by the Committee at this meeting.*

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.

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd**1.4 Confirmation of Minutes of Previous Meeting 2:05pm**

The Chair confirmed and accepted the Minutes with changes to be made to amend the minute numbers from item 62/22 and beyond. This is a typographical error, and has been amended in the Minutes.

Resolution

80/22 (ARIC) *That the Committee confirm the minutes of the previous meeting held on 8 June 2022.*

81/22 (ARIC) *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.*

1.5 Outstanding Action Items 2:06pm

The Committee requested updates regarding a number of outstanding action items, with information provided detailed below:

- Monthly Financial Reports, Unit Manager Governance, Risk and Legal confirmed all reports and attachments are available online, August reports will show in September.
- Council staff proposed to allow ARIC members to self-serve this information rather than circulating it individually.
- Action item 35/2022: Committee queried level of insurance cover, should have date and be reviewed to know what is insured and covered, Unit Manager Governance, Risk and Legal clarified he would address this later in the meeting .

Resolution

82/22 (ARIC) *That the Committee note the report on Outstanding Action Items.*

83/22 (ARIC) *That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

1.6 Council's current status – CEO David Farmer

The CEO, David Farmer, provided the following verbal update:

- Now that the financial crisis has been resolved, Council is turning its attention to improving customer service and experience.
- Focusing on improving the effectiveness and efficiency of the Capital Works program.
- Council has adopted a Financial Strategy. The strategy sets key financial parameters for the organisation as a preventative measure to future financial issues.

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

The CEO otherwise provided a point of clarification to an item recorded in the minutes, regarding Investments. The June ARIC meeting minutes recorded that Council had informed ARIC of floating rates on the whole of its investment portfolio. In fact, about 75% of investments are variable or will reset within the next year.

2.1 General Finance Update 2:27pm

The Group Financial Controller, Peter Correy, provided the committee with a general update on financial matters and spoke to his report.

In response to enquiries from the Committee the Group Financial Controller agreed to provide to future meetings:

- A simplified Finance report, to include a different breakdown on funds and deficit also a tabled report rather than a graph.
- Focus on 12-18 months value added information, to go out to business units, simplifying internal charges, how to interpret funding.
- Detailed Capital Works report which is distributed monthly, table from Capital Works report to be included in Finance report.

Resolution

84/22 (ARIC) *That the Committee note the report on General Finance Update.*

85/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

2.2 Draft Financial Statements for the period 1 July 2021 to 30 June 2022 3:14pm

The Group Financial Controller, Peter Correy, spoke to the report provided, which was taken as read by the Committee.

In response to enquiries from the Committee the following information was provided:

- The draft financial statements had been provided to the Audit Office
- The Technical Asset register had been updated to remove identified issues from previous year around the voluntary certification included in the 2021 financial statements.

The Director, Financial Audit, Audit Office of NSW provided an update:

- FY21 audit was finalised in February 2022, Changes to the Audit team occurred in May resulting in this year's audit being slightly behind schedule.
- Planning has been completed and the interim audit fieldwork completed but AO had not completed the related management letter report.
- A further update will be provided at the conclusion of the final audit fieldwork and

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

will include details of any outstanding matters particularly in relation to the reconciliation of the fixed asset registers.

In response to enquiries from the Committee the following information was provided

- A dedicated audit team is scheduled to complete the audit, The Director, Financial Audit, Audit Office of NSW will inform Council of any anticipated cost increases.
- The Director, Financial Audit, Audit Office of NSW and audit team will be completing the audit of the draft financial statements as efficiently as possible.

Resolution

86/22 (ARIC) *That the Committee note the report on Draft Financial Statements for the period 1 July 2021 to 30 June 2022.*

87/22 (ARIC) *That the Committee recommends that Council refer the draft 2021-2022 Consolidated Financial Statements for Central Coast Council that include General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules to audit.*

88/22 (ARIC) *That the Committee recommends that Council refer the 2021-2022 Central Coast Council Water Supply Authority General Purpose Financial Statements to audit.*

89/22 (ARIC) *That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Item 5.1 was brought forward ahead of item 3.1

5.1 NSW Auditor-General's Local Government Report 2021

The Director, Financial Audit, Audit Office, Caroline Karakatsanis of NSW provided an update to the committee:

- Audit office has 7 recommendations for council
- Audit office recommends ARIC should be monitoring external audit and public enquiry reviews.
- Recommended that ARIC track resolution of internal audit recommendations.

In response to enquiries from the Committee the Director, Financial Audit, Audit Office, Caroline Karakatsanis provided the following information:

- Audit Office recommended that council seek to complete asset valuations early, ideally by 31st March each year to reduce year end pressures.

Resolution

90/22 (ARIC) *That the Committee note NSW Auditor-General's Final Report – Local Government 2021*

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

91/22 (ARIC) *That the Committee recommend that this report and/or the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

3.1 Enterprise Risk Management Report

The Unit Manager Governance, Risk & Legal, Edward Hock, provided the committee with a general update which included:

- Confirmation that discussion was had regarding this report, with the presence of Council's Enterprise Risk Manager, who provided an update at a briefing meeting prior to the formal ARIC meeting, in relation to this report and other issues including framework with plans for the future.
- Action – a detailed report on Council's WHS risk profile, including the WHS and Hazard risk registers, to be provided to a future meeting.

Resolution

92/22 (ARIC) *That the Committee note the report on Enterprise Risk Management Report.*

93/22 (ARIC) *That the Committee recommend that this report is not made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains matters affecting the security of Council, Council Officials and Council property.*

3.2 Risk Management Committee Meeting Summary 10 August 2022

The Unit Manager Governance, Risk & Legal, Edward Hock, presented the minutes of the Risk Management Committee.

Resolution

94/22 (ARIC) *That the Committee note the Minutes from the Risk Management Committee 10 August 2022*

95/22 (ARIC) *That the Committee make a recommendation that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain matters affecting the security of Council, Councillors, Council staff or Council property.*

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd**4.1 Internal Audit Work Plan 2022-23 3:44pm**

The Director Risk and Assurance, Centium, Penelope Corkill, Internal Audit Partner provided the committee with an internal audit update which included:

- Advice that no major concerns found within the completed audit reports provided.

In response to enquiries from the Committee the following information was provided:

- Internal Audit workplan is in final stages of scoping the various activities, field work underway for National Heavy Vehicle Accreditation Scheme audit which is a mandatory audit for Council, compliance framework has been drafted with the Unit Manager Governance, Risk & Legal to ensure compliance across organisation.
- The Unit Manager Governance, Risk & Legal confirmed that Council is ensuring the internal audit workplan is targeting enterprise-wide risks, to ensure that there is a solid base for future, more tightly-scoped audit activities.
- The Unit Manager Governance, Risk & Legal confirmed Council's risk profile is fluid and projecting a 2-3 year forward looking plan may change rapidly. However, he agreed to bring a 3-year projected plan to a future meeting within this financial year.

Resolution

96/22 (ARIC) *That the Committee endorse the Internal Audit Work Plan 2022-23.*

97/22 (ARIC) *That the Committee recommend that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

4.2 Internal Audit Final Reports

The Director Risk and Assurance, Centium, Penelope Corkill, Internal Audit Partner provided the committee with Internal Audit Final Reports which included:

- Annual DRIVES Audit – Completed a few audits between meetings, two low and two medium risks that Council needs to work through, not quite as good as last year, emphasis to make sure communication is filtering through to Transport NSW.
- Cyber Security Audit – Emphasis on excellent results, have completed 8 audits for other local councils, includes 20 foundational requirements, council outperformed other councils. Penelope recommends suggested target score for council, council needs to agree if it is the right score, looking at something around 65 mark and ongoing improvement.
- Claims Management Audit.

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

In response to enquiries from the Committee, The Director Risk and Assurance, Centium, Penelope Corkill provided the following information:

- Council to update standard operating procedure to remove authorized premises and communicate this to Transport NSW, this was mainly due to Council not occupying Gosford Administration building.
- Cyber Security report varies due to different company doing previous years audit.

Resolution

98/22 (ARIC) *That the Committee note the report provided by Centium Transport for New South Wales Annual Audit DRIVES24.*

99/22 (ARIC) *That the Committee note the report provided by Centium Insurer Claims Management Audit.*

100/22 (ARIC) *That the Committee note the report provided by Centium Cyber Security Health Check*

101/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as, on balance, it would not be in the public interest to release this information to the public on the basis of ensuring the efficacy of investigation and auditing functions, some of which are raised in these reports.*

**5.2 NSW Audit Office Engagement Plan for year ended 30 June 2022 -
CONFIDENTIAL**

The update from the Audit Office was received by the Committee.

Resolution

102/22 (ARIC) *That the Committee note the report on NSW Audit Office Engagement Plan for year ended 30 June 2022.*

103/22 (ARIC) *That the Committee make a recommendation that this report and the supporting papers to this report not be made publicly available:*

a) *pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, as they contain information about matters affecting the security of Council, Council Officials and/or Council property; and*

b) *as on balance it would not be in the public interest to make this information available as Council does not disclose to the public confidential information (such as Annual Engagement Plans) from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd**6.1 Governance Lighthouse Report as at 30 June 2022 4:05pm**

The Committee received the report and noted its contents.

In response to enquiries from the Committee the Unit Manager Governance, Risk & Legal, Edward Hock provided the following information:

- the Governance Lighthouse report is based on the principles published by the NSW Audit Office, but would seek to ensure that the information provided to the Committee was also of benefit to, and elsewhere being reported by, Council.

Resolution

104/22 (ARIC) *That the Committee note the Governance Lighthouse report as at 30 June 2022.*

105/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

6.2 Governance Workplan 4:08pm

The Unit Manager Governance, Risk & Legal provided the committee with an update which included:

- Council want to improve efficiency within the organisation by removing obstacles and ensuring obligations are well-understood.
- Underway dates – haven't started everything in July 2022, proposed to report back at every ARIC in work plan, tracker, compliance audit within audit program.

In response to enquiries from the Committee the Unit Manager Governance, Risk & Legal, Edward Hock provided the following information:

- Updated progress reports would be provided to future meetings.
- Confirmed the approach and plan for Council's *One Way* organisational pillar is to strip out inconsistencies and have a one-council approach, 2-3 year horizon plan.

Resolution

106/22 (ARIC) *That the Committee note the ELT-endorsed Governance Workplan.*

107/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Sharon McLaren joined the meeting for item 6.3 and left at the conclusion of this item.

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd**6.3 Integrated Planning and Reporting Activities for 2022-23 4:19pm**

The Section Manager Corporate Planning & Reporting presented her report.

In response to enquiries from the Committee the following information was provided:

- Council would undertake planning to ensure it is ready before next Council election.
- The model of long term financial plan should be reviewed every quarter.

Resolution

108/22 (ARIC) *That the Committee note the report on Integrated Planning and Reporting Activities for 2022-23.*

109/22 (ARIC) *That the Committee recommend that this report and/or the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter*

6.4 Update on Legal Matters - CONFIDENTIAL**Resolution**

110/22 (ARIC) *That the Committee note the report*

111/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege;*

7.1 Report from the Office of the Internal Ombudsman 4:33pm

The Assistant Internal Ombudsman presented her report.

Resolution

112/22 (ARIC) *That the Committee note the report on Report from the Office of the Internal Ombudsman.*

113/22 (ARIC) *That the Committee make a recommendation that this report not be made publicly available, pursuant to Clause 78(a) of the Audit, Risk and Improvement Committee Charter, as it contains personnel matters concerning particular individuals.*

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

Robert King joined the meeting for item 8.1 and left at the conclusion of this item.

8.1 Work, Health and Safety Report 4:40pm

The Acting Unit Manager People & Culture, Robert King, provided the committee with an update on Work, Health and Safety which included:

- Number of occurrences that are happening, spike in injuries, variety of different events, hard to pinpoint why these have increased, although there has been an increase in psychological claims and this is an area of focus

In response to enquiries from the Committee The Acting Unit Manager People & Culture, Robert King, provided the following information:

- The cause of accidents and what type of accidents are occurring are being recorded and also records of near misses be included, The Acting Unit Manager People & Culture will ensure that this information is included in future WHS reports.
- A spike in Covid related illness was related to the current season and also the new variant of the virus.
- Information is not made public to ensure the protection of personal and sensitive information.

Resolution

114/22 (ARIC) *That the Committee note the report on Work Health and Safety.*

115/22 (ARIC) *That the Committee recommend that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that is confidential and unsuitable to be published.*

Sue Ledingham and Sharon McLaren joined the meeting for item 8.2 and left at the conclusion of this item.

8.2 Service Reviews 4:51pm

Unit Manager, Communications, Marketing and Customer Engagement & Section Manager, Corporate Planning & Reporting presented their report.

In response to enquiries from the Committee and the following information was provided:

- Council is engaged in a LG Professionals performance excellence program will help Council benchmark community expectations and Council's performance in certain generic metrics.

Resolution

116/22 (ARIC) *That the Committee note the report on Service Reviews*

117/22 (ARIC) *That the Committee recommend that this report and/or the supporting*

Minutes of the Audit, Risk and Improvement Committee Meeting 14 September 2022 contd

papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter

9 General Business 4:37pm

- Unit Manager Governance, Risk & Legal, Edward Hock updated the Committee on further revisions on the interaction between the Office of Local Government Internal Audit and ARIC Guidelines and the NSW Treasury pre-qualification scheme, and confirmed that the draft guidelines were now expected to come into force in July 2024.
- Unit Manager Governance, Risk & Legal, Edward Hock confirmed that ARIC was due for its biennial self-assessment was required in 2022, and undertook to circulate the self-assessment survey after the meeting.
- The Committee discussed the timing of meetings, and considered whether aligning the meetings to the end of a financial quarter would be of benefit. It was decided that the access to up-to-date monthly financial reporting was of greater relevance to the Committee, and determined to ensure future meetings would align to the access of the monthly reports of each end of quarter.

The Meeting closed at 5:06pm

Next Meeting Wednesday 7th December 2022



Item No: 1.4
Title: Outstanding Action Items
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15427086
Author: Rachel Callachor, Meeting Support Officer
Manager: Edward Hock, Unit Manager Governance, Risk and Legal

Recommendation

- 1 *That the Committee note the report on Outstanding Action Items.*
- 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.*

The information provided in this report is current as at 28/11/2022.

Summary

A review of the Outstanding Action Items from previous meetings.

Green = completed items;
Blue = on agenda for 7 December 2022 meeting;
White = still pending (not overdue); and
Red = overdue

In summary there are:

6 Actions

- 3 Actions are ongoing
- 3 Actions have been completed
- 1 Actions are not yet completed and are not overdue
- 0 Actions are not yet completed and overdue

1.4

Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
22/2021(ARIC)	10/03/2021	The Committee requested they be provided with copies of Council's monthly Financial reporting to the Office of Local Government.	Group Financial Controller, Finance	ONGOING Statements provided to members, as made available by Group Financial Controller, Finance
60/2021(ARIC)	24/06/2021	The Committee resolved that a cyber security audit should be undertaken for the IT element of the 2021/22 work program.	Unit Manager Governance, Risk and Legal	Audit is complete and was reported to 14 September 2022 meeting.
107/2021(ARIC)	14/09/2021	The Committee requested that in regard to Issue 2 – Framework and documentation outlining the Council's understanding of restrictions, that the policy document and tracking spreadsheet be presented to the next ARIC meeting after they are available.	Group Financial Controller, Finance	ONGOING The policy document and tracking spreadsheet be presented to the next ARIC meeting after they are available.
35/2022(ARIC)	8/03/2022	The Committee requested a further report be provided to the September 2022 meeting including a table outlining what the level of cover and premium was last time and what it is this time.	Unit Manager Governance, Risk and Legal	Update provided at 14 September 2022 meeting. Action is considered complete.

1.4

Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
N/A	8/06/2022	Work, Health and Safety report to be provided to each quarterly ARIC meeting.	Unit Manager People and Culture	ONGOING Noted for future meetings and included on agenda for 7 December 2022 meeting.
67/22(ARIC)	8/06/2022	The Committee requested that Council explore options to have this report further align with ARIC Workplan with an update be provided at the September 2022 meeting.	Unit Manager, Governance, Risk and Legal	Update provided at 14 September 2022 meeting. Action is considered complete.

Attachments

Nil

1.5 COUNCIL'S CURRENT STATUS

Verbal report
Chief Executive Officer

**2.1 QUARTERLY EXTERNAL AUDIT REPORT – UPDATE ON PROGRESS WITH
AUDIT OF 2022 FINANCIAL STATEMENT**

Verbal report
Audit Office NSW



Item No: 3.1
Title: General Finance Update
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2020/03205 - D15066243
Author: Peter Correy, Group Financial Controller, Finance
Executive: David Farmer, Chief Executive Officer

Recommendation

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

The information provided in this report is current as at 25/11/2022.

Summary

This report presents the summary position of Council's Financial position for the financial year-to-date 31 October 2022.

Attachments

- | | | |
|----------|-----------------------------------------|-----------|
| 1 | Monthly Financial Report - October 2022 | D15149890 |
| 2 | 2022-2023 Quarter 1 Review | D15206880 |
| 3 | Investment Report for October 2022 | D15380574 |

Item No: 2.1
Title: Monthly Finance Report October 2022
Department: Corporate Services

22 November 2022 Ordinary Council Meeting

Reference: F2020/03205 - D15149890
Author: Peter Correy, Group Financial Controller, Finance
Executive: David Farmer, Chief Executive Officer



Recommendation

1 That Council receive the report Monthly Financial Reports – October 2022

Report purpose

To present to Council the monthly financial reports for October 2022.

Executive Summary

This report presents the October 2022 monthly financial reports for Central Coast Council.

Background

The monthly financial reports have been prepared in accordance with the requirements of the *Local Government Act 1993* ("LG Act"), the *Local Government (General) Regulation 2005* ("LG Reg"), and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

Report

The reports disclose the year-to-date financial results in Operating Statement format, they reflect the organisational structure and are presented by Department and Unit. The reports include a traffic light indicator of current status – on track (green light), off track (red light) continue to monitor status (orange light). Relevant supporting comments are included, as well as a graphical representation of the financial results.

The Local Government Code of Accounting Practice and Financial Reporting (Guidelines) require Council to recognise rates income at the beginning of the financial year when levied. However, for internal reporting purposes Council recognises rates revenue on a continual basis throughout the financial year thereby aligning revenue with Council's expenditure for the delivery of services to the community.

2.1 Monthly Finance Report October 2022 (contd)

Consultation

In the preparation and finalisation of the monthly reports for October, all business areas of Council contributed to the information contained within the financial reports.

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council.

Financial Strategy Ratios

This Report is prepared in conjunction with Council's Financial Strategy, adopted by Council on 23 August 2022 and reports the following financial performance ratios:

- Operating Performance Ratio
- Unrestricted Current Ratio
- Unrestricted Cash Position
- Loan Principal Payments
- Capital Program Funding

Operating Performance Ratio – 5.0%

The Operating performance ratio measures Council's achievement of containing operating expenditure within operating revenue and is set between 1% and 8%. It is calculated as

$$= \frac{\text{Total continuing operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Unrestricted Current Ratio – 1.6

The unrestricted current ratio identifies whether there are sufficient funds available to meet short term obligations and is set at the industry benchmark of 1.5. It is calculated as

$$= \frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$$

2.1 Monthly Finance Report October 2022 (contd)

Unrestricted Cash Position

Unrestricted Cash are funds available to cover operational needs and unexpected or emergency costs within each fund. Council will aim to maintain unrestricted cash in each fund and set a target band of between 3% and 10% for each fund. This will monitor the targeted use of unrestricted funds on community services and infrastructure. It is calculated as

$$= \frac{\text{Unrestricted Funds}}{\text{Total continuing operating revenue (excluding capital grants and contributions)}}$$

Consolidated – 37.2%
 General Fund (including Drainage) – 23.5%
 Water Fund – 4.0%
 Sewer Fund – 131.3%
 Domestic Waste – 26.1%

Loan Principal Repayments

The operating result (excluding capital grants and contributions) for each fund for the year plus if necessary, pre-existing unrestricted cash reserves in each fund needs to at least cover the net loan principal repayments of that fund for that same year. This excludes the emergency loans in the General Fund as the balance on 31 October 2022 of \$132.6M is repaid under different terms set by the lending institutions. Loan repayment coverage is calculated as

$$= \frac{\text{YTD operating revenue (excluding capital grants and contributions) less operating expenses}}{\text{YTD loan principal repayments}}$$

Consolidated – 3.5x
 General Fund (including Drainage) – (2.1x). Shortfall covered by current unrestricted cash reserves.
 Water Fund – 3.3x
 Sewer Fund – 4.9x

Capital Program Funding

Council's intent is to provide at least sufficient funds from operations for the capital budget to replace assets as they fall due. The depreciation target is currently used as a proxy for the long-term annual funding requirement to replace Council's assets at their gross replacement value. Council will aim to achieve the industry benchmark of 100% in each fund. Capital funding percentage is calculated as

$$= \frac{\text{YTD Capital budget}}{\text{YTD Depreciation expense}}$$

2.1 Monthly Finance Report October 2022 (contd)

Consolidated – 112%
General Fund (including Drainage) – 177%
Water Fund – 66%
Sewer Fund – 128%

Trading Results

The attached financial reports record actual revenue and expenditure, tracking against the initial budget of Council for September and for the year-to-date reporting period to 31 October 2022.

For the month of October 2022, Council is reporting an operating result deficit of (\$0.2M), before capital income, which was favourable to budget by \$2.2M and a net operating surplus including capital income of \$4.1M which was favourable to budget by \$1.1M.

October year-to-date, Council is reporting an operating result surplus of \$10.8M, before capital income, which was favourable to budget by \$8.3M and a net operating surplus including capital income of \$28.1M which was \$4.7M favourable to budget.

2.1 Monthly Finance Report October 2022 (contd)

Consolidated Operating Statement												
October 2022												
	CURRENT MONTH			YEAR TO DATE				FULL YEAR				
	Actuals	Adopted Budget	Variance	Actuals	Adopted Budget	Variance	Last Year YTD Actuals	Last Year Actual	Original Budget	Adopted Changes	Proposed Changes	Year End Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income												
Rates and Annual Charges	28,591	28,319	271	122,831	122,446	385	119,014	365,740	390,335	-	150	390,485
User Charges and Fees	11,257	11,436	(179)	48,698	47,431	1,267	42,644	140,237	145,542	-	3,689	149,231
Other Revenue	1,084	863	222	5,088	3,207	1,881	3,504	12,856	9,666	-	195	9,861
Interest	1,755	402	1,353	5,549	1,607	3,943	1,631	5,470	4,890	-	3,622	8,512
Grants and Contributions	440	1,141	(701)	5,881	5,867	14	6,799	47,717	34,046	2,644	8,101	44,791
Gain on Disposal	(20)	-	(20)	1,014	1,034	(20)	-	26,056	5,294	-	-	5,294
Other Income	739	601	138	3,123	2,417	705	2,385	7,909	7,917	-	242	8,158
Internal Revenue	4,675	4,894	(218)	20,038	19,213	825	22,250	68,851	58,441	-	(652)	57,788
Total Income attributable to Operations	48,522	47,656	866	212,222	203,222	9,000	198,228	674,838	656,131	2,644	15,346	674,121
Operating Expenses												
Employee Costs	13,079	13,782	704	54,386	56,432	2,046	50,802	162,831	180,750	-	(705)	180,045
Borrowing Costs	804	806	2	3,475	3,426	(49)	3,959	12,940	11,421	-	1,475	12,896
Materials and Services	16,100	16,918	818	63,256	63,381	124	45,639	174,256	205,479	2,644	12,690	220,813
Depreciation and Amortisation	12,109	12,109	-	48,479	48,479	-	50,388	162,099	158,781	-	(526)	158,256
Other Expenses	2,988	2,580	(408)	14,972	12,813	(2,158)	11,105	50,717	38,252	-	1,353	39,605
Loss on Disposal	-	-	-	-	-	-	-	4,469	-	-	-	-
Internal Expenses	3,605	3,868	263	16,828	16,140	(688)	19,736	60,136	51,691	-	(657)	51,034
Overheads	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses attributable to Operations	48,684	50,062	1,378	201,396	200,671	(725)	181,629	627,449	646,373	2,644	13,631	662,648
Operating Result after Overheads and before Capital Amounts	(162)	(2,406)	2,244	10,826	2,551	8,275	16,599	47,389	9,758	0	1,715	11,473
Capital Grants	2,461	3,699	(1,237)	11,516	14,135	(2,619)	7,252	35,785	55,740	81	(2,551)	53,269
Capital Contributions	1,803	1,679	124	5,775	6,714	(939)	4,970	25,667	20,143	-	4,967	25,110
Grants and Contributions Capital Received	4,264	5,377	(1,113)	17,291	20,850	(3,558)	12,222	61,452	75,883	81	2,416	78,379
Net Operating Result	4,102	2,971	1,131	28,118	23,401	4,717	28,820	108,841	85,640	81	4,131	89,852

Cash and Investments / External Borrowings

During October, total cash and investments increased by \$0.9M from \$677.0M to \$677.9M. The increase during October was minimal as several investments matured at the end of October 2022 and excess transactional funds have been invested early November 2022.

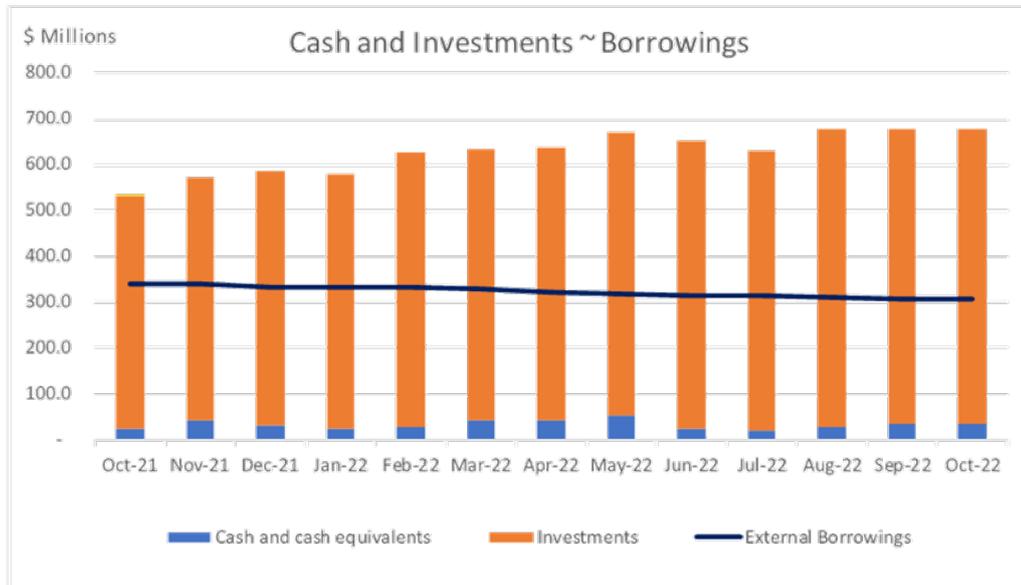
External borrowings at 31 October 2022 were \$307.6M. During October, principal loan repayments of \$0.3M fell due and were repaid bringing total year-to-date principal loan repayments to \$5.7M which is in line with the lending institutions loan repayments schedules.

2.1 Monthly Finance Report October 2022 (contd)

CONSOLIDATED	Actual YTD @ 31 Oct 2022 \$'000	Rolling Forecast @ 31 Oct 2022 \$'000	Variance \$'000	Revised Forecast @ 30 June 2023 \$'000	Original Forecast @ 30 June 2023 \$'000
CASH FLOW MOVEMENTS					
Opening cash & investments @ 1 July 2022	652,137	652,137	-	652,137	652,137
Income receipts (incl Capital grants & contributions)	232,493	233,944	(1,451)	746,754	726,530
Operational payments	(157,881)	(165,161)	7,280	(491,948)	(483,681)
Net operating cash inflow / (outflow)	74,612	68,782	5,830	254,806	242,849
Capital projects payments	(45,852)	(46,959)	1,107	(162,311)	(176,509)
Asset sales	2,703	2,468	234	2,703	24,940
Financing receipts	-	-	-	80,000	80,000
Financing repayments	(5,718)	(5,440)	(278)	(159,189)	(157,485)
Total cash inflow / (outflow)	25,744	18,851	6,893	16,009	13,795
Closing cash & investments @ 31 October 2022	677,881	670,988	6,893	668,146	665,932

ACTUAL v FORECAST MONTHLY CASH FLOW GENERAL FUND (incl DRAINAGE FUND)	Actual YTD @ 31 Oct 2022 \$'000	Revised Forecast @ 30 June 2023 \$'000	Original Forecast @ 30 June 2023 \$'000
Opening cash & investments @ 1 July	407,088	407,088	407,088
Income receipts (incl Capital grants & contributions)	139,968	466,100	447,897
Operational payments	(114,460)	(343,258)	(303,844)
Net operating cash inflow / (outflow)	25,508	122,842	144,053
Capital projects payments	(27,861)	(101,985)	(113,579)
Asset sales	2,703	2,703	24,940
Financing receipts	327	327	50,000
Financing repayments	(3,339)	(3,794)	(113,314)
Total cash inflow / (outflow)	(2,662)	20,093	(7,900)
Closing cash & investments	404,426	427,182	399,188

2.1 Monthly Finance Report October 2022 (contd)



Restricted Funds

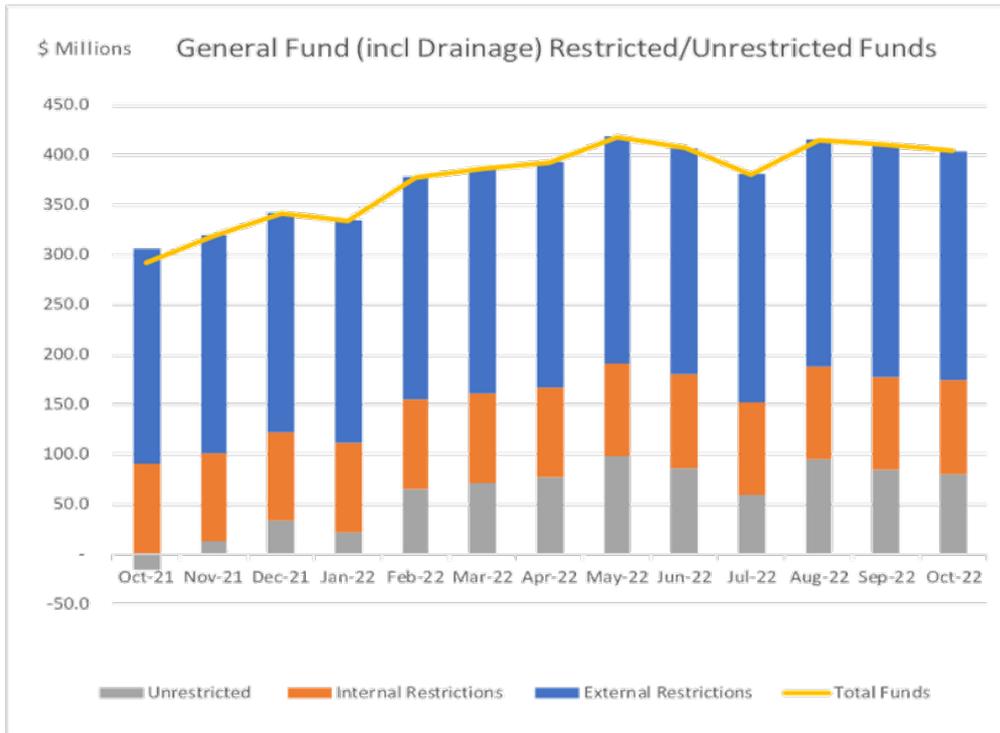
Fund	General Fund	Drainage Fund	Total General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	192,086	37,385	229,471	12,122	21,270	97,570
Internal Restricted Funds	94,294	20	94,314	908	877	47
Total Restricted Funds	286,380	37,405	323,785	13,030	22,147	97,617
Unrestricted Funds	118,334	(37,693)	80,641	3,461	117,193	20,008
Total funds by Fund	404,714	(288)	404,426	16,491	139,340	117,625

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.

Council is continuing to manage the reported negative unrestricted funds balance in the Drainage Fund. It should be noted that the Water Fund recorded positive unrestricted funds in October 2022, the first time since the financial crisis in October 2020 and is forecast to continue its positive unrestricted cash position going forward.

2.1 Monthly Finance Report October 2022 (contd)

The General Fund unrestricted balance (inclusive of Council’s Drainage Fund) is currently \$80.6M. The unrestricted funds balances across Council’s five Funds will fluctuate during the year as revenues are received and expenditures occur at different periods throughout the financial year. The negative funds in Drainage Fund is a temporary timing difference based on expenditure phasing and will be corrected in November.



Capital Works

Council is reporting year-to-date capital works expenditure to 31 October 2022 of \$39.7M compared to budget of \$51.2M. Council currently has 93 active capex projects.

Department	Summary Capital Expenditure by Directorate				Annual Current Budget
	Actuals	YTD Current Budget	Variance	Variance	
	'000s	'000s	'000s	%	'000s
Community and Recreation Services	2,464	4,550	(2,086)	(45.8%)	22,025
Infrastructure Services	19,319	19,647	(328)	(1.7%)	68,336
Water and Sewer	14,404	20,596	(6,192)	(30.1%)	62,931
Environment and Planning	1,235	2,065	(830)	(40.2%)	10,814
Corporate Services	2,257	4,370	(2,113)	(48.4%)	10,850
Total Capital Expenditure	39,679	51,228	(11,549)	(22.5%)	174,956

2.1 Monthly Finance Report October 2022 (contd)

Link to Community Strategic Plan

Theme 4: Responsible

Choose Focus Area

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

Attachments

1	Financial Performance - Monthly Finance Report October 2022 (2)		D15443959
2	Consolidated and by Fund October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430023
3	Office of the Chief Executive Officer October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430025
4	Community and Recreation Services October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430026
5	Infrastructure Services October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430028
6	Water and Sewer October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430031
7	Environment and Planning October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430033
8	Corporate Services October 2022 Monthly Financial Report	Provided Under Separate Cover	D15430035

Item No: 2.5
Title: 2022-2023 Quarter 1 Review
Department: Environment and Planning and Corporate Services

22 November 2022 Ordinary Council Meeting

Reference: F2021/01492 - D15206880
 Author: Sharon McLaren, Section Manager Corporate Planning and Reporting
 Mellissa McKee, Financial Controller
 Michelle Best, Financial Controller
 Manager: David Milliken, Unit Manager Strategic Planning
 Executive: Alice Howe, Director Environment and Planning
 David Farmer, Chief Executive Officer



Recommendation

That Council adopt Central Coast Council's Quarter 1 Review for 2022-2023 (Attachment 1) including the proposed budget amendments.

Report purpose

To report on Central Coast Council's performance progress as measured against the organisation's Operational Plan for 2022-2023 to 30 September 2022 (Q1). The *Q1 Review Report* covers the progress on the operational plan activities and financial performance for the period 1 July 2022 to 30 September 2022.

Executive Summary

Clause 203 of the *Local Government (General) Regulation 2005* requires a Council's Responsible Accounting Officer to prepare and submit a *Quarterly Budget Review Statement* to the governing body of Council.

The *Quarterly Budget Review Statement* must show, by reference to the estimated income and expenditure that is set out in the Operational Plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year. It also requires the *Quarterly Budget Review Statement* to include a report by the Responsible Accounting Officer as to whether or not they consider the statement indicates Council to be in a satisfactory financial position and if not, to include recommendations for remedial action. Council's Operational Plan sets out the achievements, goals and revenue policy, including estimates of income and expenditure.

The *Quarterly Budget Review Statement* plays an important role in monitoring Council's progress against the Operational Plan.

2.5 2022-2023 Quarter 1 Review (contd)

Operational Plan Action and Target Progress

At the end of Quarter 1, the overall performance against the Operational Plan actions and indicators shows 8 out of 153 actions are Completed and 126 are On Track for delivery by the end of the financial year, 15 are Delayed, 3 have not yet commenced, and 1 has been Closed.

Financial Performance

- The year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$6.0M, consisting of an actual surplus of \$11.0M compared to a budget surplus of \$5.0M.
- The year to date (YTD) operating result (including capital grants and contributions) is showing a favourable variance of \$3.6M, consisting of an actual surplus of \$24.0M compared to a budget surplus of \$20.4M.
- The proposed Q1 adjustments will move the 2022-2023 budgeted operating surplus (excluding capital grants and contributions) from \$9.8M to an operating surplus (excluding capital grants and contributions) of \$11.5M.
- The proposed Q1 adjustments will move the 2022-2023 approved operating surplus (including capital grants and contributions) from \$85.7M to an operating surplus (including capital grants and contributions) of \$89.9M.
- The YTD capital expenditure is \$28.0M compared to a YTD budget of \$35.8M.
- The proposed Q1 capital expenditure budget adjustment is an increase of \$1.1M that will result in a revised 2022-2023 full year capital works program of \$177.9M.

More information and details of progress and financial performance are provided in the Q1 Business Report (Attachment 1).

Background

The 2022-2023 Q1 Business Report for Central Coast Council is provided in Attachment 1. It incorporates reporting on the progress of actions and targets against the objectives of the Operational Plan and a *Quarterly Budget Review Statement*.

Clause 203 of the *Local Government (General) Regulation 2005* requires that no later than two months after the end of each quarter (except the June quarter), the Responsible Accounting Officer of Council must prepare and submit to Council a *Quarterly Budget Review Statement* that shows a revised estimate of the income and expenditure for that year.

Sub-section 404(5) of the *Local Government Act 1993* requires that Council report on its progress with respect to its actions and targets against the objectives of the Operational Plan, at least every six months. This report contains progress information for Quarter 1 and is prepared to coincide with the *Quarterly Budget Review Statement*.

2.5 2022-2023 Quarter 1 Review (contd)

This quarterly report is presented in the necessary format and is considered to satisfy the legislative requirements.

Current Status

The 2022-2023 Q1 Business Report reports on progress for the year to 30 September 2022 (Q1 YTD), against the Operational Plan 2022-2023, including budget.

Operational Plan Actions and Targets

The table below is a summary of the overall progress on the actions, measures and projects for Q1. The information contained in the Q1 Business Report includes specific details of progress.

Theme:	Belonging	Smart	Green	Responsible	Liveable	Total
Completed	0	0	1	5	2	8
On Track	30	14	11	50	21	126
Delayed	1	0	1	11	2	15
Scheduled	0	0	0	2	1	3
On Hold	0	0	0	0	0	0
Closed	0	0	0	1	0	1
Total	31	14	13	69	26	153

Financial Performance

The year to date (YTD) operating result (excluding capital grants and contributions) is showing a favourable variance of \$6.0M, consisting of an actual surplus of \$11.0M compared to a budget surplus of \$5.0M. More information is provided in Sections 1.1 and 2.2 of Attachment 1.

The YTD operating result (including capital grants and contributions) is showing a favourable variance of \$3.6M, consisting of an actual surplus of \$24.0M compared to a budget surplus of \$20.4M. More information is provided in Sections 1.1 and 2.2 of Attachment 1.

Q1 YTD capital expenditure is \$28.0M compared to a YTD budget of \$35.8M.

Consultation

All Units of Council were consulted during the development of this report and contributed to the information contained in the report.

2.5 2022-2023 Quarter 1 Review (contd)

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

- 1108/20 *That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

Budget adjustments are proposed in this report and are detailed in the Attachment 1.

The proposed Q1 adjustments will move the 2022-2023 budgeted operating surplus (excluding capital grants and contributions) from \$9.8M to an operating surplus (excluding capital grants and contributions) of \$11.5M. This is an improvement in Council's financial position.

The proposed Q1 adjustments will move the 2022-2023 approved operating surplus (including capital grants and contributions) from \$85.7M to an operating surplus (including capital grants and contributions) of \$89.9M. This is also an improvement in Council's financial position.

Adjustments proposed to be adopted as part of the Q1 budget review include:

Increase of \$16.0M in operating income

- \$5.8M grant income to fund expenditures incurred during recent storm events. *
- \$3.6M increase in interest on investments due to the rising interest rate environment and larger investment portfolio balance, compared to when the original budget was developed.
- \$3.1M additional income from Transport for NSW for works to be undertaken on State owned roads. *
- \$2.0M in operating grants and contributions to fund programs and projects across Council. *
- \$0.7M additional tipping income due to increased tonnages being received at Council's Waste Management Facilities. *
- \$0.6M increase in Community and Culture income for events and placemaking including Central Coast Musical Festival, Lakes Festival, Love Lanes Festival and Chromefest. *
- \$0.5M increase in pool and leisure centre income in line with current usage. *
- \$0.4M increase in Child Care fees, including funding for Inclusion Support. *
- \$0.2M increase in pensioner rebate subsidy received for annual charges.

2.5 2022-2023 Quarter 1 Review (contd)

- \$0.1M increase in income from insurance settlements.
- (\$1.0M) unfavourable reduction in water usage income as water demand has continued to be low in the first quarter of 2022-2023 due to high rainfall levels.

Note: * indicates additional expenditures either fully or partially directly offset the additional income.

Increase of \$2.4M in capital income

- \$5.0M increase in Section 7.11 and Section 7.12 developer contribution forecast income.
- (\$2.6M) reduction in capital grant income to be received this financial year as a result of project delays caused by weather events and supply chain resourcing issues. Income will be received in the following financial year.

Increase of (\$14.3M) in operational expenditure

- (\$4.3M) increase in expenditure on Plant and Fleet external plant hire.
- (\$3.4M) increase in expenditure related to recent storm events. *
- (\$3.1M) additional expense due to workorders received from Transport for NSW on State owned roads. *
- (\$1.5M) increased fuel prices and fleet maintenance and review costs.
- (\$1.4M) increase in amortisation of tip discount in line with accounting standard treatment. Due to inflationary increases the percentage rate applied for amortisation has increased in 2022-23.
- (\$1.2M) increase in EPA waste levy costs due to increased waste tonnages being received at Council's Waste Management Facilities. *
- (\$0.7M) increase to meet the costs of Start-up - Regional Housing project. *
- (\$0.9M) increase in Community and Culture expenditure for community events and placemaking.*
- (\$0.4M) increase in Environmental Restoration Fund works. *
- (\$0.4M) increase in IT costs in relation to virtual call centre project.
- (\$0.4M) unfavourable increase in Waste and Resource Recovery Management external plant hire costs, expenditure on additional grant funded works and waste audit costs. *
- (\$0.3M) additional expenditure for the maintenance of Gosford Administration building.
- (\$0.3M) increase to meet the costs of Environmental Lands Review.
- \$8.0M favourable reduction in electricity and street lighting budgets as new contract rates are fixed until 30 June 2024. \$4.0M relates to Water and Sewer and

2.5 2022-2023 Quarter 1 Review (contd)

these funds have been repurposed to high priority works in 2022-2023. General Fund savings of \$4.0M have been used to offset increased plant and fleet costs.

- \$0.5M decrease in full year forecast depreciation cost.

Note: * indicates additional income either fully or partially directly offsets the additional expense.

Council's financial focus continues to be on maintaining expenditure, raising additional income, monitoring incoming cash flow, performing cashflow forecasts and ensuring a more sustainable cash preservation. Further information on the proposed budget adjustments is provided in Section 3.1 and 3.2 of Attachment 1.

Capital Works Program

The proposed Q1 budget adjustment is an increase of \$1.1M, resulting in a revised 2022-2023 full year capital works program of \$177.9M. A full list of proposed changes to the capital works program is provided in Section 3.3 of Attachment 1.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G4: Serve the community by providing great customer experience, value for money and quality services.

Options

Quarterly reporting of Council's financial performance is mandatory under the *Local Government (General) Regulation 2005*.

Critical Dates or Timeframes

Sub-clause 203(1) of the *Local Government (General) Regulation 2005* requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the Council within two months of the end of each quarter (excluding June). The Q1 report is due by 30 November 2022.

Attachments

- 1 Q1 Business Report Provided Under Separate Cover D15425231



Item No: 2.2
Title: Investment Report for October 2022
Department: Corporate Services

22 November 2022 Ordinary Council Meeting

Reference: F2004/06604 - D15380574
Author: Devini Susindran, Team Leader
Manager: Mellissa McKee, Financial Controller
Executive: David Farmer, Chief Executive Officer

Recommendation

- 1 That Council note the Investment Report for October 2022.**
- 2 That Council note that internally restricted funds are unrestricted funds that have been internally allocated to a certain purpose.**
- 3 That Council allocate the required unrestricted funds available in the General Fund to meet its October 2022 unrestricted funds deficit of \$37.69M in Drainage Fund as set out in this report.**
- 4 That Council note the October Restrictions are draft only, subject to 30 June 2022 Financial Statements audit review.**

Report purpose

To present the monthly Investment Reports in accordance with cl. 212 of the *Local Government (General) Regulation 2005* which states as follows:

- 1 *The Responsible Accounting Officer of a Council*
 - a *must provide the council with a written report (setting out details of all money that the council has invested under section 625 of the Act) to be presented—*
 - i. *if only one ordinary meeting of the council is held in a month, at that meeting, or*
 - ii. *if more than one such meeting is held in a month, at whichever of those meetings the council by resolution determines, and*
 - b *must include in the report a certificate as to whether the investment has been made in accordance with the Act, the regulations and the council's investment policies.*
- 2 *The report must be made up to the last day of the month immediately preceding the meeting.*

2.2 Investment Report for October 2022 (contd)

Executive Summary

This report details Council's investments at 31 October 2022.

Background

Council's investments are made in accordance with the Local Government Act 1993, Local Government (General) Regulation 2005, the Investment Policy adopted at the Ordinary Council Meeting on 28 June 2022, Ministerial Investment Order issued February 2011 and Division of Local Government (as it was then known) Investment Policy Guidelines published in May 2010.

Current Status

Council's current cash and investment portfolio totals \$677.88M at 31 October 2022.

Table 1 - Council's Cash and Investment Portfolio by Source of Funds

Source of Funds	Value (\$'000)
Investment Portfolio	643,368
Transactional accounts Per Bank Statement and cash in hand	34,513
Total	677,881

Table 2 - Council's Portfolio is held in separate funds by purpose and summarised as follows:

Fund	General Fund	Drainage Fund	Total General Fund	Water Fund	Sewer Fund	Domestic Waste Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Restricted Funds	192,086	37,385	229,471	12,122	21,270	97,570
Internal Restricted Funds	94,294	20	94,314	908	877	47
Total Restricted Funds	286,380	37,405	323,785	13,030	22,147	97,617
Unrestricted Funds	118,334	(37,693)	80,641	3,461	117,193	20,008
Total funds by Fund	404,714	(288)	404,426	16,491	139,340	117,625

Note: The above table consolidates General Fund and Drainage Fund. From 1 July 2026, Drainage Fund fees and charges will no longer be regulated by IPART and will become part of Council's General Fund.

2.2 Investment Report for October 2022 (contd)

During October, Council's total cash and investments increased by \$0.92M from \$676.96M to \$677.88M. The increase during October was minimal as several investments matured at the end of October 2022 and excess transactional funds have been invested early November 2022.

Detailed restrictions have been provided in Attachment 2. Council is continuing to manage the reported negative unrestricted funds balance in the Drainage Fund. It should be noted that the Water Fund recorded positive unrestricted funds in October 2022, the first time since the financial crisis in October 2020.

The negative unrestricted funds balance is currently \$37.69M in the Drainage Fund. In 2026 the Drainage Fund will become part of Council's General Fund as IPART will no longer regulate Stormwater Drainage prices. This is shown in table 2. In the interim, the unrestricted funds deficit of \$37.69M is proposed to be funded through the General Fund's available unrestricted cash balance of \$118.33M at 31 October 2022.

The unrestricted funds balances across Council's five Funds will fluctuate during the year as revenues are received and expenditures occur at different periods throughout the financial year. The negative funds in Drainage Fund is a temporary timing difference based on expenditure phasing and will be corrected in November.

Portfolio Management

Council's Investment Portfolio is managed through term deposits, floating rate notes and bond maturities and placements.

Total net return on the portfolio for Council in October 2022, comprising entirely of interest earned, was \$1.63M. The total value of the Council's investment portfolio at 31 October 2022 is outlined in Table 3 below.

Table 3 – Portfolio Movement (Investments only)

2.2 Investment Report for October 2022 (contd)

Description	2021-22 Financial Year \$'000	Jul-Sep Qtr 2022/23 \$'000	Oct-22 2022/23 \$'000	2022-23 Financial Year To Date \$'000
Opening Balance	447,221	628,005	643,487	628,005
Movement in cash at call, additions and disposals	191,662	15,039	12	15,051
Movement in Market Value	(10,878)	444	(132)	312
Closing Balance	628,005	643,487	643,367	643,368
Interest earnings	5,660	3,574	1,628	5,202

The market value of Council's investment portfolio at 31 October 2022 is \$643.37M. Council's investments are evaluated and monitored against a benchmark appropriate to the risk (APRA Standards BBB long term or above) and time horizon of the investment concerned.

A summary of the term deposit and floating rate notes maturities are listed in Table 4 below.

Table 4 - Investment Maturities

Time Horizon	Percentage Holdings	Maturity on or before	Value \$'000
At Call	6.36%	Immediate	40,927
Investments			
0 - 3 months	10.88%	Jan-2023	70,000
4 - 6 months	12.59%	Apr-2023	81,000
7 - 12 months	2.66%	Oct-2023	17,105
1 - 2 years	18.21%	Oct-2024	117,143
2 - 3 years	15.54%	Oct-2025	99,992
3 - 4 years	24.88%	Oct-2026	160,067
4 - 5 years	8.88%	Oct-2027	57,134
Total Investments	93.64%		602,441
Total Portfolio	100.00%		643,368
Interest Accrued to Oct 2022 (Excluding Interest on call accounts)			3,148
Market Value of Investment per Portfolio Valuation Report (Attachment 5)			646,516

The investment portfolio is concentrated in AA above (30.14%), A (27.09%), and BBB (42.77%).

Council monitors and manages the portfolio taking into consideration credit ratings of financial institutions, interest rates offered for the maturity dates required and counterparty exposure. All of Council's investments were within policy guidelines at 31 October 2022.

2.2 Investment Report for October 2022 (contd)

The current spread of investments and counterparty exposure for October 2022 are shown in Graphs 1 and 2 respectively in Attachment 3.

Environmental, Social and Green (ESG) Investments

Council continues to look for 'ESG' investment opportunities subject to prevailing investment guidelines. A list of current ESG investments held is contained on the Investment listing at Attachment 1 and are highlighted in green.

Council currently holds 4.82% or \$31.01M in ESG investments as at 31 October 2022.

Portfolio Return

Interest rates on investments in the month, ranged from 0.55% to 4.20%. The monthly Bank Bill Swap Rate (BBSW) benchmark was 2.72%. Changes in economic conditions have led to the Reserve Bank of Australia (RBA) increasing its cash rate which was at a historic low of 0.10% until 4 May 2022 to 2.85% on 2 November 2022. BBSW has also followed this trend and has been increasing steadily. Comparative interest rates are shown in the table below.

Table 5 – Interest Rate Increases

Month	RBA Cash Rate	1 Month Bank Accepted Bills
February 2022	0.10%	0.01%
March 2022	0.10%	0.03%
April 2022	0.10%	0.08%
May 2022	0.35%	0.39%
June 2022	0.85%	0.92%
July 2022	1.35%	1.48%
August 2022	1.85%	1.89%
September 2022	2.35%	2.41%
October 2022	2.60%	2.72%
November 2022	2.85%	Will be available at month end

Source: RBA Statistics [Interest Rates and Yields – Money Market – Monthly – F1.1](#)

Investments are made within Council policy and at the best rates available at the time of – placement. Due to interest rate movements outlined above, the following investments had earnings below the current monthly BBSW rate, listed in maturity date order.

Table 6 - Investments below BBSW

Bank	Type of investment	Placement Date	Maturity Date	Value	Interest Rate
Westpac Banking Corporation	Term Deposit	25 February 2022	22 February 2023	\$10,000,000	0.88%

2.2 Investment Report for October 2022 (contd)

Bank	Type of investment	Placement Date	Maturity Date	Value	Interest Rate
National Australia Bank	Term Deposit	25 February 2022	2 March 2023	\$ 5,000,000	0.88%
My State Bank	Term Deposit	24 February 2024	26 February 2024	\$ 5,000,000	1.70%
My State Bank	Term Deposit	24 February 2024	4 March 2024	\$ 5,000,000	1.70%
My State Bank	Term Deposit	24 February 2024	11 March 2024	\$ 5,000,000	1.70%
National Australia Bank	Term Deposit	16 June 2020	14 June 2024	\$10,000,000	1.15%
Suncorp Bank	Bond	20 September 2021	30 July 2024	\$ 2,500,000	1.85%
Macquarie Bank	Bond	27 August 2021	7 August 2024	\$12,000,000	1.75%
Westpac Banking Corporation	Bond	20 September 2021	16 August 2024	\$ 2,800,000	2.25%
Bendigo Adelaide Bank	Bond	20 September 2021	6 September 2024	\$ 9,390,000	1.70%
Bank of Queensland	Term Deposit	26 September 2019	26 September 2024	\$10,000,000	2.00%
Hongkong & Shanghai Bank	Bond	14 January 2021	27 September 2024	\$ 1,480,000	1.50%
Macquarie Bank	Bond	14 January 2021	12 February 2025	\$25,000,000	1.70%
NSW Treasury Bond	Bond	21 November 2019	20 March 2025	\$ 2,000,000	1.25%
Bank of Queensland	Term Deposit	16 June 2020	16 June 2025	\$10,000,000	1.53%
UBS Australia Limited	Bond	14 January 2021	30 July 2025	\$ 4,000,000	1.20%
Northern Territory Treasury Corporation	Bond	26 August 2021	15 December 2026	\$ 5,000,000	1.40%

Note: green shading indicates ESG investments

2.2 Investment Report for October 2022 (contd)

The weighted running yield for October of 2.83% for Central Coast Council is favourable compared to the rolling three-year benchmark bank bill swap (BBSW) Index of 0.41% as shown in Graph 3 - Portfolio Returns in Attachment 3.

Market values reflected in the Portfolio valuation report in Attachment 5 have been used to record the unrecognised gains/(losses) in tradeable fixed rate bonds and floating rate notes. Interest accrued has been recorded separately and is not reflected in portfolio valuations.

Financial Considerations

At its meeting held 19 October 2020, Council resolved the following:

1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.

The following statement is provided in response to this resolution of Council. Council's investment portfolio includes rolling maturity dates to ensure that Council has sufficient liquidity to meet its ongoing obligations.

Certification:

I hereby certify the investments summarised in the report have been made in accordance with section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulations 2021 and Council's investment policy

Peter Correy, Responsible Accounting Officer

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G4: Serve the community by providing great customer experience, value for money and quality services.

Attachments

1	Summary of Investments as at 31 October 2022	Provided Under Separate Cover	D15426445
2	Summary of Restrictions as at 31 October 2022	Provided Under Separate Cover	D15426446

2.2 Investment Report for October 2022 (contd)

3	Investment Report Graphs 1,2, and 3 for October 2022	Provided Under Separate Cover	D15426448
4	Treasury Direct Trading Limits report at 31 October 2022	Provided Under Separate Cover	D15426449
5	Treasury Direct Portfolio Valuation Report as at 31 October 2022	Provided Under Separate Cover	D15426452

**4.4 IT Update - Management of Technological Risks and Cyber Security
(contd)**

Nil.



Item No: 6.1
Title: Governance Lighthouse Report as at 30 September 2022
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2020/02182 - D15427661
Author: Alysha Croussos, Senior Governance Officer, Governance
Manager: Teresa Chadwick, Section Manager, Governance
Edward Hock, Unit Manager Governance, Risk and Legal
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

- 1 *That the Committee note the Governance Lighthouse Report as at 30 September 2022.*
- 2 *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

The information provided in this report is current as at 17/11/2022.

Summary

The purpose of this report is to provide the Committee with Council's Governance Lighthouse Report as at 30 September 2022 (end of Q1) for their information.

Background

The Governance Lighthouse Report is updated at the end of each quarter in accordance with the Council resolution of 27 July 2020 and provided to the Audit, Risk and Improvement Committee prior to reporting to Council.

The report was created to report against measures using the structure of the NSW Audit Office Governance Lighthouse. As well as quantitative information, the report includes commentary to provide context. It covers 8 principles and 17 governance components.

The Governance Lighthouse Report for Q1 2022/23 is **Attachment 1**.

Attachments

- 1 Governance Lighthouse Report - Q1 2022-23 D15437811

Governance Report Card - Central Coast Council



This quarterly report is based upon the Governance Lighthouse (NSW Audit Office). It covers 8 principles and 17 key governance components.

Report date: Quarter 1 - 2022/2023

General Comments:

Quarter ending 30 September 2022

During Q1, activities included:

- * Finalisation of the recruitment of a replacement Director of Corporate Services who will commence in the role on 21 November 2022.
- * Finalisation of the recruitment of a Section Manager Governance and Team Leader Civic Support.
- * Development and commenced implementation of a new organisation-wide annual work planning tool.

Governance Report Card - Central Coast Council

Light house principle:		Stakeholder rights								
Measure:	Number of Code of Conduct complaints									
Reporting cycle:	Quarterly									
Current as at:	30-Sep-22	Data provided by:		Office of the Internal Ombudsman						
	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Trend
# complaints (total)	5	9	4	9	7	4	2	0	3	↑
% upheld	40%	0%	0%	11%	0%	0	100%	N/A	0%	-
# complaints (Clrs + CEO)	2	4	0	3	1	0	0	0	0	-
% upheld	50%	0%	N/A	0%	0%	N/A	N/A	N/A	N/A	-

Commentary: The suspension of Councillors has resulted in fewer Code of Conduct complaints over all.

Governance Report Card - Central Coast Council

Measure: % of Tier 1 customer complaints resolved at first point of contact
Reporting cycle: Quarterly
Current as at: 30-Sep-22 Data provided by: Section Manager Customer Service

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Total
Number of community complaints	97	97	99	84	43	83	77	98	50	↓ 96%
Number of total compliments	Data previously not included in this report. Resolved for inclusion at ARIC meeting held 9 March 2022.						100	94	119	↑ 27%
% resolved at fpoc	100%	100%	100%	100%	100%	99%	100%	100%	100%	-

Commentary: There was a 96% decrease in community complaints in Q1 F22/23 compared to Q4 and compared to Q1 F21/22. In Q1 and Q4 of F21/22, there were some significant weather events which increased the number of community complaints Council received.

During Q1 F22/23, there was a 27% increase in compliments compared to Q4 F21/22.

There were no requests for a community complaint review this quarter, resulting in 100% of complaints being resolved at the first point of contact.

Governance Report Card - Central Coast Council

Light house principle: Risk management

Measure: Number of GIPA applications and % of reviews

Reporting cycle: Quarterly

Current as at: 30-Sep-22 Data provided by: GIPA team

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Trend
GIPA applications	31	28	28	36	27	34	34	40	23	↑
Number of reviews	2	2	6	1	4	2	0	0	1	↓
Informal information requests	450	247	305	341	307	319	339	420	545	↑
Average days to complete	40	45	50	40	50	45	60	55	50	↑

Commentary: Q4 continued an upward trend in the receipt of both formal and informal GIPA applications, and the average time for completion.

It is noteworthy that, despite this increase, and the ongoing resourcing constraints within the team, applications for internal review remain low, reflecting the quality of the service being provided to the community.

Governance Report Card - Central Coast Council

Measure: Risk profile against Council's Enterprise Risk Management Framework
 Reporting cycle: Quarterly
 Current as at: 30-Sep-22 Data provided by: Enterprise Risk Manager

Total number of operational risks	
Total number of Extreme risks	0
Total number of High risks	13
Total number of Medium risks	96
Total number of Low risks	103

Risk by Type	
Asset	29
Business	37
Fraud and Corruption	27
Governance	25
HR	4
IM	1
Legal	11
Operational	59
Resources	6
Strategic	13

Commentary: Risk reviews commenced in September with the Unit Managers. These are being followed up by meetings with the Directors to allow a view and discussion of the Department risks profile.

Of the 20 highest risks currently identified: four are asset related, three are business related, one is governance related, one is human resources related, seven are related to operations, two are strategic, one is related fraud and corruption and one is related to legal activities.

Governance Report Card - Central Coast Council

Central Coast Council Risk Management Heat Map						
CONSEQUENCE						
		Catastrophic	Major	Moderate	Minor	Insignificant
LIKELIHOOD	Almost Certain	0	0	1	1	0
	Likely	0	0	3	5	1
	Possible	0	2	19	29	8
	Unlikely	7	13	28	50	8
	Rare	4	3	13	10	7

Governance Report Card - Central Coast Council

Light house principle:**Disclosure**

Measure: % of annual disclosures completed within statutory timeframes
 Reporting cycle: Annual
 Current as at: 30-Sep-22 Data provided by: Senior Governance Officer

	17/18	18/19	19/20	20/21	21/22
% completed by 30 Sep (staff)	97%	96%	100%	100%	100%
% completed by 30 Sep (Clrs)	100%	100%	100%	53%	N/A
% completed by 30 Sep (Admin)	NA	NA	NA	NA	N/A
% completed by 30 Sep (ARIC)	NA	NA	100%	100%	100%

Commentary: Returns for the period of 2021/22 were tabled at the Ordinary Council Meeting held on 11 October 2022.

The redacted returns have been published on Council's website in accordance with the requirements of the *Government Information (Public Access) Act 2009* and the NSW Information and Privacy Commission's Guideline 1.

Governance Report Card - Central Coast Council

Light house principle: Corporate reporting

Measure: Financial statements completed within timeframes
 Reporting cycle: Annual
 Current as at: 30-Sep-22 Data provided by: Group Financial Controller, Finance

	16/17	17/18	18/19	19/20	20/21	21/22	23/22
Date resolved	26/03/2018	10/12/2018	9/03/2020	27/04/2021	28/02/2022	TBA	TBA

Commentary: Council has requested an extension from Office of Local Government to lodge Council's 2021-2022 Financial Statements to 20 December 2022.

Governance Report Card - Central Coast Council

Measure: Management Actions identified as part of audits completed by risk rating
Reporting cycle: Quarterly
Current as at: 30-Sep-22 Data provided by: Audit and Risk Coordinator

	Extreme	High	Medium	Low	Total	Date	
2021/22							
Asset Management	0	2	4	1	7	Mar-22	Internal Audit
Insurer Claims Management	0	0	0	3	3	Jan-22	Internal Audit
2020/2021							
Water Supply Management	0	0	1	0	1	Dec-20	NSW Audit Office
Purchase Cards	0	0	2	0	2	Nov-20	Internal Audit
Payroll	0	0	1	0	1	Nov-20	Internal Audit
Complaints Management Audit	0	2	0	1	3	Mar-21	Internal Audit
Leadership Facilities Allowances and Expenses	0	0	2	0	2	Aug-20	Internal Audit
IT General Controls	0	1	0	0	1	Mar-21	Internal Audit
Management Letter	0	7	18	5	30	May-22	NSW Audit Office
2019/2020							
Contract Management	0	1	0	0	1	Jun-20	Internal Audit
Councillor Facilities, Allowances and Expenses Policy	0	0	1	0	1	Apr-20	Internal Audit
Local Infrastructure Contributions	0	1	0	0	1	Mar-20	Internal Audit

Commentary: Following a review by Centium last quarter, there is a total of 53 audit items. This includes 17 completed actions, 7 ongoing actions and 29 outstanding actions. From the 29 outstanding actions, there are 19 overdue.

Governance Report Card - Central Coast Council

Light house principle:

Ethics

Measure: No instances of failure to meet legislative deadlines
 Reporting cycle: Quarterly
 Current as at: 30-Sep-22 Data provided by: Senior Governance Officer

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Trend
# of missed deadlines	2	3	0	1	0	1	0	5	0	↓

Commentary:

On 2 July 2020, a Legislative Compliance Policy was adopted by Council. From 1 July 2020, a Legislative Compliance Register was established and implemented.

There was a total of 27 items due in Q1 2022/23 and 0 instances of failure to meeting legislative reporting deadlines. There were 3 items completed or reported late.

There are ongoing issues with ensuring each area of Council is recording the completion of the legislative requirement in the register. Staff continue to follow up with responsible staff about the completion of items/accuracy of reporting dates and update the register as required.

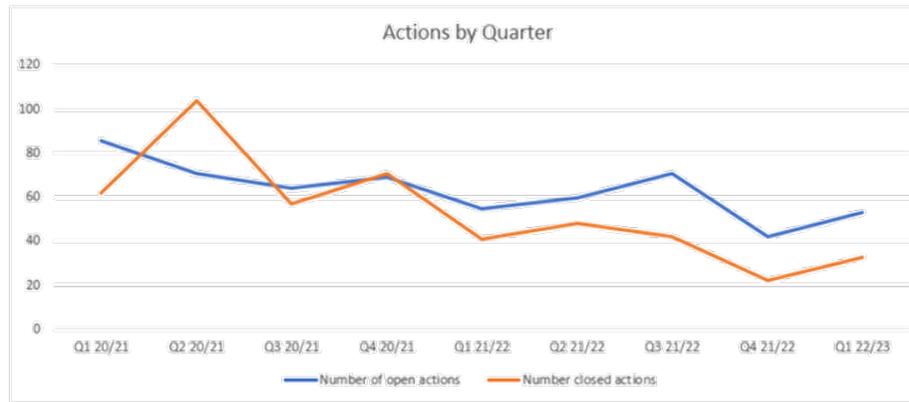
Governance Report Card - Central Coast Council

Light house principle:		Structure								
Measure:	# of Council actions completed									
Reporting cycle:	Quarterly									
Current as at:	30-Sep-22	Data provided by:		Team Leader Civic Support						
	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Trend
Number of open actions (at end of quarter)	86	71	64	69	55	60	71	42	53	↑
Number closed actions (during quarter)	62	104	57	71	41	48	42	22	33	↑
Open and overdue (at end of quarter)	14	14	5	3	3	13	27	15	17	↑

Commentary: Open and overdue actions are as at the end of each quarter. Closed actions are those completed during the quarter.

Updates on outstanding Council actions are provided by the Unit Manager, Governance Risk and Legal to the Executive Leadership Team on a monthly basis.

Governance Report Card - Central Coast Council



Governance Report Card - Central Coast Council

Measure: % of items considered in Confidential Session of Council
 Reporting cycle: Quarterly
 Current as at: 30-Sep-22 Data provided by: Team Leader Civic Support

	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Trend
Total number of items	90	150	100	106	120*	56	45	51	48	↓
% in closed session	2%	10%	6%	1%	<1%	0%	0%	0%	0%	-

* As noted at the end of Q2 2021-22, it is expected there was an error in the data prior to Q2 2021-22.
 The data collection method has since been modified and verified.

Commentary: In Q1 2022/23, there were no items considered in a Confidential Session of Council.
 There continues to be a focus on providing as much as practicable in open sessions of Council by using Confidential attachments.

Governance Report Card - Central Coast Council

Light house principle: Management oversight

Measure: % of actions delivered against Community Strategic Plan
Reporting cycle: Annual
Current as at: 15-Nov-22 Data provided by: Section Manager Corporate Planning and Reporting

	18/19	19/20	20/21	21/22	22/23
Actions due to be completed	157	147	24	10	Reported annually
Number of actions completed	121	109	71	40	Reported annually

Commentary: Please note that the above 2021-22 figures are still draft and may change slightly. The final results will be included in the Annual Report which will be published by 30 November 2022.

There was a total of 67 actions for 2021-22. The above does not include the 15 that were KPIs for the financial year and were not achieve and incorporated into the delivery of other projects. Final status is 40 completed, 25 delayed, and 2 inactive.

6.2 COUNCIL'S INSURANCE ARRANGEMENTS (34/2022)

Verbal report

Unit Manager Governance, Risk and Legal



Item No: 9.1
Title: Meeting Dates for 2023
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00030 - D15247366
Author: Rachel Callachor, Meeting Support Officer
Manager: Rachel Gibson, Team Leader, Civic Support
Edward Hock, Unit Manager Governance, Risk and Legal
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

- 1 *That the Committee set the meeting dates for 2023 as set out in 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.*

The information provided in this report is current as at 16/11/2022.

Summary

Clause 55 of the ARIC Charter states that forward meeting dates for the following year will be agreed by the Committee in December each year. The proposed meeting dates for 2023 are set out below.

#	Date	Location	Time
1	Wednesday 8 March 2023	Wyong Committee Room / Microsoft Teams	2pm – 5pm
2	Wednesday 7 June 2023	Wyong Committee Room / Microsoft Teams	2pm – 5pm
3	Wednesday 13 September 2023	Wyong Committee Room / Microsoft Teams	2pm – 5pm
4	<i>October/November 2023 Extraordinary Finance Meeting – Date TBC</i>	<i>Wyong Committee Room / Microsoft Teams</i>	<i>2pm – 5pm</i>
5	Wednesday 6 December 2023	Wyong Committee Room / Microsoft Teams	2pm – 5pm

It is noted that the Committee may also determine to have additional meetings as required.

Attachments

Nil



Item No: 9.2
Title: Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report
Department: Corporate Services

7 December 2022 Audit, Risk and Improvement Committee Meeting

Reference: F2021/00031 - D15428462
Author: Edward Hock, Unit Manager Governance, Risk and Legal
Executive: Marissa Racomelara, Director Corporate Services

Recommendation

- 1 *That the Committee note the Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report that is Attachment 1 to this Report.*
- 2 *That the Committee identify the key points it considers should be included in a draft ARIC Action Plan to address common themes and issues identified in the Self-Assessment Survey.*
- 3 *That the Committee recommend that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Report Purpose

To provide the Committee with the results of the Audit, Risk and Improvement Committee Self-Assessment Survey and seek comment as to the key areas for action

Background

Council established an Audit, Risk and Improvement Committee (ARIC) by Council Resolution at the Ordinary Meeting held 26 April 2017. In accordance with the [Audit, Risk and Improvement Committee Charter](#), a formal review is required to be undertaken at least once every two years to assess the ARIC's performance. The review is conducted on a self-assessment basis, with input also sought from key stakeholders.

The Self-Assessment Survey (the Survey) was developed to facilitate this review and the Survey Report (providing a summary of the survey results) is **Attachment 1** to this report.

The survey was distributed to all ARIC Members via email on Friday 16 September 2022. It was also sent to key stakeholders, being former independent member John Gordon, and Council's Chief Executive Officer and Unit Manager Governance, Risk & Legal on the same day. A total of seven people were asked to complete the survey and six responses were received.

Survey Analysis

Section One of the Survey contained five open ended questions seeking comments and feedback on ARIC's performance to date. Section Two of the Survey contained 39 positively framed statements and those completing the survey answered **88.4%** (a strong majority) of the time as either *agreed* or *strongly agreed* to the comments made.

It is recommended that the the Committee identify the key points that they consider should be included in a draft ARIC Action Plan to address common themes and issues identified in the Survey.

An example of some themes identified across Section One and Two, which could be areas for the Action Plan to address, include, but are not limited to, the following:

1 ELT presence and attendance

Comments: Several responses indicated a preference to have greater and more consistent engagement with Executive Leadership Team members, and to have regular updates (possibly on a rolling basis) regarding each directorate's key risks and activities.

2 Councillor Return Preparation

Comments: The Committee could (and should) be engaged to assist in the development of the Councillor return package, to proactively assist the incoming elected representatives, and be adding value and assurance as a Committee from Day 1.

3 Internal Audit

Comments: There is opportunity for greater alignment between Internal Audit, Enterprise Risk Management, and the Committee. This would provide better synthesis and assurance to management from the second and third lines of assurance.

4 Risk

Comments: An improved and enhanced understanding of the maturity, development and continuous improvement of Council's Enterprise Risk Management Framework would assist the Committee in meeting its obligations and adding value to Council.

9.2 Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report (contd)

Next Steps

Following on from this staff will finalise a draft Action Plan in consultation with ARIC members and Senior Staff, with a further report being provided to the next Ordinary ARIC Meeting for final review and approval of the Action Plan by the Committee. The ARIC-approved Action Plan will then be presented to the subsequent Ordinary Council Meeting, along with the attached Survey Report.

Attachments

- 1** ARIC Self-Assessment Survey Outcome Report - November 2022 D15450450

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022



Central Coast Council
Audit, Risk & Improvement Committee Self-
Assessment Survey Outcomes Report

Edward Hock
November 2022



Wyong Administration Building: 2 Hely St / PO Box 20 Wyong NSW 2259
P 02 4306 7900 | W centralcoast.nsw.gov.au | ABN 73 149 644 003

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022



Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report

Author: Edward Hock

Date: November 2022

© Central Coast Council

Wyong Administration Building:

2 Hely St / PO Box 20 Wyong NSW 2259

W centralcoast.nsw.gov.au

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report

Executive Summary

Council established an Audit, Risk and Improvement Committee (**'the ARIC'**) by Council Resolution at the Ordinary Meeting held 26 April 2017. In accordance with the [Audit, Risk and Improvement Committee Charter](#), a formal review is required to be undertaken at least once every two years to assess the ARIC's performance. The review is conducted on a self-assessment basis, with input also sought from key stakeholders.

A survey was developed to facilitate this review and is shown at *Appendix One ('the Survey')*. There were two sections to the Survey. The first section contained five questions which required a short answer and were designed to obtain the overall views of the ARIC and where it should focus moving forward. The second section contained more specific questions relating to the responsibilities of the ARIC as identified in the ARIC Charter. These questions were presented as a five-point Likert scale, where respondents could indicate their level of agreement with various statements.

Summary survey results indicated that ARIC effectively met its external accountability requirements, particularly in terms of financial reporting and review of financial statements. This is likely due to the presence of Independent External Members with significant accounting and financial management expertise.

The survey indicated that Independent External Members are regarded as highly skilled and knowledgeable. There is an opportunity for the ARIC to take a considered and deeper analytical look into certain areas of key strategic or high risk, having set a strong foundation of organisational knowledge after the disruption of the financial crisis, and the significant restructure attendant thereto.

Based upon the survey feedback, focussed risk management and its interaction with internal audit assurance should be a key focus for the ARIC moving forward. A series of maturity assessments will assist with this, some of which have already been conducted and reported.

The survey results indicated that there is an identified need for follow up on implementation of actions recommended from audits. This is not only perceived as a focus area for ARIC, but also for management and Council. It was noted in the survey that ARIC provides efficient support for the Internal Audit function by reviewing and considering audit plans, reports, and identifying issues, but there is scope for a more proactive approach from management.

A consistent theme was a desire for more engagement from all of the Executive Leadership Team, with the possibility of rolling reviews or presentations from each directorate expressed as an opportunity for improvement.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

The survey results will be presented to ARIC at the next ARIC Ordinary Meeting (7 December 2022) and the actions set out at the end of this report under the heading **Next Steps** will be undertaken.

Outcomes of Survey

The survey was distributed to all ARIC Members via email on Friday 16 September 2022. It was also sent to key stakeholders, being former independent member John Gordon, and Council's Chief Executive Officer, and Unit Manager Governance, Risk & Legal on the same day, a total of seven recipients. The closing date for submissions was Friday 7 October 2022.

A total of six responses out of the seven requested was received. All responses were treated as confidential and accordingly the responses are deidentified in this report. This report provides the percentages to which respondents agree or disagree, as well as identifying trends between responses and some common themes across Section One and Two of the survey.

Section One – General Feedback

The following five questions addressed the overall view of the ARIC and areas for improvement.

Q1 What does ARIC do well?

Respondents identified meeting logistics as a strength, noting that the ARIC capably covers a broad range of issues and reports, and manages its limited time effectively.

The range of risks considered was identified as a strong point, as was the attention paid to financial recovery and stability following the financial crisis identified in November 2020. The alignment of the Charter and the workplan was considered effective.

Attendance in person was specifically highlighted as a positive indicator of the engagement of the independent members, as was their availability to discuss topics outside of scheduled meetings.

Q2 What could ARIC improve?

While respondents noted that financial expertise was providing effective monitoring of financial position, more forward-looking attention would be beneficial, particularly as to Council's Long Term Financial Plan and various categories of expenditure, such as asset maintenance and capital expenditure.

Respondents considered there was scope to improve the alignment of second- and third-line assurance providers (enterprise risk management, internal audit, the ARIC) and deeper analysis of strategic and high-risk objectives.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

It was identified that more robust attention to the completion and closure of agreed audit management actions would be beneficial. Similarly, there is insufficient focus on risk management and aspects of corporate improvement.

Q3 How can Council assist ARIC meet its responsibilities?

The most consistent response related to greater engagement by Council's Executive Leadership Team with the ARIC, to allow the ARIC to have an accurate and up-to-date view of the entire organisation and its activities and objectives.

Continued provision of facilities for in-person meetings was also called-out as assistive to the ARIC.

Q4 Are there areas of Council that ARIC needs to understand better?

Deeper understanding of Council's Enterprise Risk Management Framework, Risk Appetite, and strategic direction were considered critical.

It was also identified that the ARIC should be engaged in the development of the Councillor return package, so as to effectively leverage both the precise expertise of the independent members, and also to utilise shared experience of other Councils.

Q5 What should ARIC focus on for the next two/three years?

One of the key aspects that respondents suggested ARIC focus on moving forward was the implementation of audit functions and the integration of assurance and operations. As noted above, this is an area for improvement and will require assistance from management and Council.

Risk management was another area identified for focus, with development of the Risk Management Framework being a key component of this, and expanded focus on operational risk to augment the existing attention to financial risk and that control framework.

As noted above, the preparation for the return of Councillors in 2024 will be a significant focus, and the ARIC will need to ensure it is prepared for the changes consequent upon leaving Administration, and can effectively set its relationship and engagement with elected representatives on the Coast, including the unique issues both macro and micro.

Section Two – ARIC Responsibilities

Section Two contained 39 positively framed statements pertaining to ARIC's responsibilities as identified in the ARIC Charter. Respondents were required to select a response based on their level of agreement with the statement using a *Likert scale*.

A *Likert scale* is a rating scale that measures how people feel about something. An effective *Likert scale* include a series of questions that you ask people to answer, and ideally five to seven balanced responses people can choose from and it often comes with a neutral

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

midpoint. In the survey, respondents were provided five balanced responses to can choose from with a neutral midpoint.

Of the answers provided in Section Two, respondents answered **88.4%** (a strong majority) of the time as either *agreed* or *strongly agreed* to the comments made. Noting that the questions were positively framed, this indicates that the majority feel that the ARIC is functioning/performing at or above the expected level. The following is a summary of the responses received in Section Two:

Option	Percentage
Strongly Agree	37.2%
Agree	51.3%
Don't Know/No Response	9.4%
Disagree	2.1%
Strongly Disagree	0%
TOTAL	100%

Please note the following percentage referenced has been used to represent respondents who selected that answer out of the six responses:

- 6 out of 6 = 100%
- 5 out of 6 = approximately 83%
- 4 out of 6 = approximately 67%
- 3 out of 6 = 50%
- 2 out of 6 = approximately 33%
- 1 out of 6 = approximately 17%

Risk Management; Fraud Control; Internal Control; Financial Management; Strategic Planning; Performance Reporting

- 83% of respondents agreed the ARIC understands and reviews Council's financial reporting requirements, and 17% Don't Know or No Response.
- 83% of respondents considered the ARIC effectively reviewed Council's compliance management system, and 17% Don't Know or No Response.
- 83% of respondents considered the ARIC adequately understood Council's risk management system, and 17% Don't Know or No Response.
- 83% of respondents considered the ARIC effectively understood Council's system for maintaining effective internal controls, and 17% Don't Know or No Response.
- 83% of respondents considered the ARIC effectively reviewed Council's audit plans, reports, and identified issues, and 17% Don't Know or No Response.
- 67% of respondents considered the ARIC effectively reviewed and understood Council's fraud and corruption prevention framework, and 33% Don't Know or No Response.
- 67% of respondents considered the ARIC effectively reviewed and understood Council's strategic plan and delivery program, and 33% Don't Know or No Response.
- 83% of respondents considered the ARIC had at least one member with accounting or financial management experience, and 17% Don't Know or No Response.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

- 67% of respondents considered the ARIC discussed significant/complex/unusual transactions with management and external auditors, and 33% Don't Know or No Response.
- 83% of respondents considered the ARIC committed sufficient time to review, discuss, and consider the financial statements, and 17% Don't Know or No Response.

Internal Audit Assessment

- 83% of respondents agreed the ARIC reviewed and approved the forward internal audit plan, and 17% Don't Know or No Response.
- 100% of respondents considered the internal audit resources were sufficient to complete the internal audit program.
- 83% of respondents agreed the ARIC monitored the implementation of internal audit findings, and received sufficient information relevant to such progress, and 17% Don't Know or No Response.
- 100% of respondents considered the audit reports provided were:
 - appropriate for the business needs of Council;
 - concise, structured and constructive;
 - gave realistic recommendations that led to improvements; and
 - included evidence-based conclusions.
- 67% of respondents considered the ARIC met with the internal auditor to discuss their work programs and findings/recommendations, with 17% disagreeing and 17% Don't Know or No Response.
- 83% of respondents agreed that the ARIC pre-approved the internal audit work plan, with 17% disagreeing.

External Audit

- 83% of respondents were satisfied that Council's annual financial reports were compliant with applicable legislation and Australian accounting standards, and 17% Don't Know or No Response.
- 100% of respondents confirmed their view that the ARIC had reviewed the external audit opinion, including whether appropriate responsive action had been taken to findings and recommendations.
- 100% of respondents agreed that the ARIC had considered contentious financial matters in conjunction with Council management and the external auditor.
- 50% of the respondents agreed that the ARIC had reviewed the processes in place to ensure the financial information included in the Annual Report was consistent with that in the signed financial statements. 17% disagreed, and 33% Don't know or No Response.

ARIC Meetings

- 100% of respondents strongly agreed that members had attended meetings on a regular basis.
- 100% of respondents agreed (83% strongly) that meetings had been conducted in accordance with the agenda issued, with sufficient time allowed for each issue and complex and critical discussion.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

- 100% of respondents agreed that meeting agendas and supporting papers were of sufficient quality and clarity to facilitate informed decision-making.
- 100% of respondents agreed (83% strongly) that meetings were conducted in a way to allow members to raise any issue they considered relevant and allow open, frank and robust discussion of all matters raised.
- 100% of respondents agreed that the minutes were appropriately maintained and of good quality.
- 83% of respondents agreed that the ARIC annual report to Council was of appropriate quality and provided on a timely basis, with 17% Don't Know or No Response.
- 83% of respondents agreed that the ARIC had received all reports, information, and presentations to allow it to fulfill its responsibilities, with 17% Don't Know or No Response.
- 83% of respondents agreed there was a planned schedule of meetings, which mapped the ARIC's responsibilities over the year, with 17% Don't Know or No Response.
- 100% of respondents agreed that the Chair drove agenda setting, calling on support from management as required.
- 100% of respondents agreed that advance preparation materials provided the appropriate level of detail and were distributed with sufficient time to allow members to prepare.
- 83% of respondents considered sufficient time was provided for private meetings with internal audit, external audit, and management, with 17% disagreeing.
- 100% of respondents agreed that the ARIC members carefully considered the draft minutes to ensure they captured the essence of issues and discussion.

Skills and Understanding

- 83% of respondents agreed that the ARIC had sufficient understanding of Council's business to enable effective fulfilment of the ARIC's responsibilities under the Charter, with 17% Don't Know or No Response.
- 100% of respondents agreed (83% strongly) that the mix of skills on the ARIC allowed it to effectively perform its responsibilities.
- 100% of respondents agreed (82% strongly) that the ARIC's overall financial literacy was adequate in light of its responsibilities.
- 100% of respondents agreed that the ARIC had responded appropriately and taken the required action when significant risks and/or control failures were brought to its attention.

Next Steps

The feedback derived from the self-assessment will assist the ARIC and Council staff in setting a work program to continue meeting the obligations set out in the ARIC Charter.

Subsequent to the 7 December 2022 ARIC meeting, the ARIC will, in collaboration with Council staff, prepare a draft Action Plan to address common themes and issues identified. That Action Plan will be presented to the (proposed) 8 March 2023 ARIC Meeting for adoption, and thereafter to Council.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

Appendix 1

Audit, Risk and Improvement Committee Self-Assessment Questionnaire



As part of the Audit, Risk and Improvement Committee ('ARIC') Charter, a formal review of ARIC's performance is required to be undertaken every two years. The previous review was undertaken in 2020.

This questionnaire is designed to assist in assessing ARIC's performance for the purpose of this review. The questionnaire is intended to be completed by each ARIC member, other regular participants at the ARIC's meetings (as approved by Council's Chief Executive Officer) and Council staff who are involved with ARIC.

Sections 1–5 of the assessment are designed to obtain the overall views of ARIC and where it should focus moving forward.

Sections 6–10 contain more specific questions. ARIC members and stakeholders are asked to indicate, from a score of 1–4, whether they agree or disagree with the statements made. Participants also have the opportunity to provide Comments and/or suggestions for improvement.

Once the completed surveys have been received and collated a draft report will be prepared. This report will be provided to ARIC members for their comment prior to providing the final report (incorporating comments) to Council.

Responses will be treated as confidential. However, we require the following information so that we understand what feedback has come from ARIC members and what feedback has come from other stakeholders

Date:		
Completed By:	Name:	
	Role:	

Please return the completed form by Friday 14 October 2022 by email to
Edward.Hock@centralcoast.nsw.gov.au

All sections should be completed to the best of the respondent's ability. Any comments or suggestions to improve the ARIC's effectiveness would be appreciated.

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

4. Are there areas of Council that ARIC needs to understand better?

5. What should the key areas of focus be for ARIC over the next two/three years?

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

<p>The Committee responsibilities are in the areas of: Risk Management; Fraud Control; Internal Control; Financial Management; Strategic Planning and Performance Reporting.</p>	<p>Strongly Disagree</p>	<p>Disagree</p>	<p>Agree</p>	<p>Strongly Agree</p>	<p>Don't know</p>
(a) The Committee adequately understands and reviews Council's financial reporting requirements.					
(b) The Committee effectively reviews the effectiveness of the system for monitoring Council's compliance with relevant laws and regulations.					
(c) The Committee adequately understands and reviews the Council's risk management framework and whether an effective approach is being followed in managing Council's major risks.					
(d) The Committee understands and reviews management's systems and arrangements for maintaining effective internal controls.					
(e) The Committee effectively addresses its responsibilities in respect of its review and consideration of audit plans, audit reports and identified issues.					
(f) The Committee understands and reviews the effectiveness of Council's Fraud and Corruption Control framework including the Fraud and Corruption Control Plan					
(g) The Committee understands and reviews the effectiveness of Council's strategic plan and delivery program					
(h) At least one member has accounting or related financial management expertise.					
(i) The Committee discusses significant/complex/unusual transactions with management and the external auditors.					
(j) The Committee commits sufficient time to review, discuss and consider the financial statements.					

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

7. Internal Audit Assessment.	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a) The Committee has reviewed and approved the forward internal audit plan, ensuring it was developed in consultation with ELT and the Committee.					
(b) The Committee considers the internal audit resources were adequate for the completion of the internal audit program.					
(c) The Committee has monitored the implementation of internal audit recommendations and obtained all information and or explanations it considers relevant to the progress of implementation of audit recommendations.					
The Committee considers the audit reports provided as appropriate for the business needs of Council; and					
(i) The reports were structured, concise and constructive					
(d) (ii) The recommendations provided were realistic and resulted in improvements to current procedures.					
(iii) The conclusions reached were adequately supported by relevant evidence and reflected a realistic understanding of the area under review.					
(e) The Committee meets with internal audit and discusses internal control deficiencies discovered during the course of its work, its recommendations for addressing the deficiencies, and management's response. The Committee then monitors the status of management's corrective action.					
(f) The Committee pre-approves the audit work to be performed.					

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

8. External Audit - Audit, Risk and Improvement:	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a) The Committee is satisfied that Council's annual financial reports comply with applicable legislation and Australian accounting standards and are supported by appropriate management sign-off on Council's financial statements.					
(b) The Committee has reviewed the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.					
(c) The Committee has considered contentious financial reporting matters in conjunction with Council's management and external auditors.					
(d) The Committee has reviewed the processes in place to ensure financial information included in the annual report is consistent with the signed financial statements.					

9. Audit, Risk and Improvement Members (External and Councillors) and Meetings	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a) Committee members have attended meetings on a regular basis.					
(b) Meetings have been conducted in accordance with the agenda issued and allow sufficient time to discuss complex and critical issues.					
(c) Meeting agendas and supporting papers are of sufficient clarity and quality to make informed decisions.					
(d) Meetings have been conducted to allow Committee members to raise any issue they believe relevant and allow for open, frank and robust discussion of all matters raised.					
(e) Committee minutes are appropriately maintained and are of good quality					
(f) The Committee annual report to Council is of an appropriate quality and has been provided to Council on a timely basis.					

Audit, Risk & Improvement Committee Self-Assessment Survey Outcomes Report November 2022

9. Audit, Risk and Improvement Members (External and Councillors) and Meetings	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(g) the Committee has received all information, presentations, or explanations it considers necessary to fulfil its responsibilities.					
(h) There is a schedule of all planned audit committee meetings for the year, which maps how the Committee's responsibilities are addressed over the year.					
(i) The Committee chair drives agenda setting, calling on support from management as needed.					
(j) Advance preparation materials contain the appropriate level of detail and are distributed with sufficient time before meetings to allow members to prepare.					
(k) Sufficient time is provided for private meetings with internal audit, external auditors and management					
(l) The Committee members carefully review draft meeting minutes to ensure that they capture the essence of issues and discussion.					

10. Audit, Risk and Improvement, Skills and Understanding	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a) The Committee understands the Council's business sufficiently to enable the Committee to fulfil its responsibilities under the Charter					
(b) The mix of skills on the Committee allows it to effectively perform its responsibilities					
(c) The Committee's overall financial literacy is adequate in light of the committee's responsibilities.					
(d) The Committee has responded appropriately and taken the required action where significant risks and/or control breakdowns have been brought to its attention					