



AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

29 August 2017

MEETING NOTICE

**The Audit Risk and Improvement Committee Meeting
of Central Coast Council
will be held in the ACL Les Taylor Function Room,
Level 2, 2 Hely Street, Wyong on
Tuesday 29 August 2017, at 2.00pm
for the transaction of the business listed below:**

RECEIPT OF APOLOGIES

1 PROCEDURAL ITEMS

1.1 Disclosure of Interest	3
----------------------------------	---

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

2.1 Confirmation of Minutes of Previous Meetings.....	5
---	---

3 GENERAL REPORTS

3.1 Executive Leadership Team - Update.....	12
3.2 Data Breach Security Report.....	13
3.3 Enterprise Resource Planning Systems - Update (Transition Projects and Updates).....	14
3.4 Finance Policies	15
3.5 Audit Progress Update	29
3.6 Government Information (Public Access) Act	30
3.7 Chief Internal Auditor's Report.....	34
3.8 IA Balanced Scorecard Report.....	35
3.9 Implementation of Agreed Management Actions Arising From IA Reviews	42
3.10 Code of Conduct Complaint Information.....	42

Rob Noble
CHIEF EXECUTIVE OFFICER

Item No: 1.1
Title: Disclosure of Interest
Department: Governance



29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Section Manager, Business Services
AUTHOR: Councillor and Meeting Support Officer

Chapter 14 of the *Local Government Act 1993* ("LG Act") regulates the way in which the Administrator 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:

- "(1) A councillor or a member of a council committee who has a pecuniary interest in any matter with which the council is concerned and who is present at a meeting of the council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.*

- (2) The councillor or member must not be present at, or in sight of, the meeting of the council or committee:*
 - (a) at any time during which the matter is being considered or discussed by the council or committee, or*
 - (b) at any time during which the council or committee is voting on any question in relation to the matter.*

- (3) For the removal of doubt, a councillor or a member of a council committee is not prevented by this section from being present at and taking part in a meeting at which a matter is being considered, or from voting on the matter, merely because the councillor or member has an interest in the matter of a kind referred to in section 448.*

- (4) Subsections (1) and (2) do not apply to a councillor who has a pecuniary interest in a matter that is being considered at a meeting, if:*
 - (a) the matter is a proposal relating to:*
 - (i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or*
 - (ii) the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and*
 - (a1) the pecuniary interest arises only because of an interest of the councillor in*

1.1 Disclosure of Interest (contd)

the councillor's principal place of residence or an interest of another person (whose interests are relevant under section 443) in that person's principal place of residence, and

(b) the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.

(5) The special disclosure of the pecuniary interest must, as soon as practicable after the disclosure is made, be laid on the table at a meeting of the council and must:

(a) be in the form prescribed by the regulations, and

(b) contain the information required by the regulations."

Further, the Code of Conduct adopted by Council applies to Council, its Administrator and staff. The Code relevantly provides that if the Administrator or staff have 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 conflicts of interests might be managed.

RECOMMENDATION

That Members now disclose any conflicts of interest in matters under consideration by Council at this meeting.



Item No: 2.1
Title: Confirmation of Minutes of Previous Meetings
Department: Governance

29 August 2017 Audit Risk and Improvement Committee Meeting

D12725747

Manager: Section Manager, Business Services

AUTHOR: Councillor and Meeting Support Officer

Summary:

Confirmation of minutes of the previous Audit Risk and Improvement Committee Meeting held on Tuesday 20 June 2017.

Recommendation:

That the Committee confirm the minutes of the previous Audit Risk and Improvement Committee Meeting held on Tuesday 20 June 2017.

Attachments:

1 MINUTES - Audit Risk and Improvement Committee Meeting - 20 June 2017 D12743232



CENTRAL COAST COUNCIL

MINUTES OF THE
**AUDIT RISK AND IMPROVEMENT
COMMITTEE MEETING**

HELD IN THE SMART WORK HUB
LEVEL 2, 28 WILLIAM STREET, GOSFORD
ON 20 JUNE 2017
COMMENCING AT 2.00PM

PRESENT

Dr Colin Gellatly (Chairperson), Carl Millington, John Gordon (via telephone), Ian Reynolds and Rob Noble

IN ATTENDANCE

Mike Dowling	Group Leader Assets Infrastructure and Business
Brian Glendenning	Executive Manager Governance
Kellie Reeves	Executive Manager People and Culture
Sally Ingram	Executive Manager Transformation and Business Performance
Stephen Naven	Chief Financial Officer
David Kennedy	Chief Information Officer
Lily Mojsin	Internal Ombudsman
Tina Baker	Chief Internal Auditor
Shane Sullivan	Unit Manager Governance
James Taylor	Governance Coordinator
Sonia Witt	Team Leader Governance and Councillor Services
Marion Peyser	PA to Unit Manager Governance and Business Services
Ian Goodwin	Auditor General
Steven Martin	Auditor General
Caroline Mara	PricewaterhouseCoopers

1.1 Disclosure of Interest

Recommendation:

That the Committee receive the report on Disclosure of Interest and note that no disclosures were submitted.

1.2 Address By Invited Speakers

Mr Steve Martin and Mr Ian Goodwin presented to the committee.

Recommendation:

- 1** *That the Committee receive the report on Invited Speakers.*
- 2** *That the Committee agree meeting practice be varied to allow reports from Group Leaders and/or the Chief Executive Officer to be dealt with following an Invited Speaker's address.*
- 3** *That the Committee note the presentation from the Auditor General.*

2.1 Audit Risk and Improvement Committee Draft Charter

Recommendation:

- 1** *That the Committee receive the report on the draft Audit Risk and Improvement Committee Charter.*
- 2** *That the Committee endorse the draft Audit Risk and Improvement Committee Charter with inclusion of amendments submitted by members.*

2.2 Capital Expenditure Compared to Budget

Recommendation:

That the Committee receive the year to date Capital Expenditure report and breakdown.

2.3 Finance Policies

Recommendation:

- 1 That the Committee note the finance policies.**
- 2 That the Committee recommend the Council reconsider the CCC Maximum Weighting Portfolio percentages.**
- 3 That the Committee recommend the Council further review the policy for Debt Management.**

2.4 Transition Projects and Updates

Recommendation:

That the Committee receive the Transition Projects and Updates report.

2.5 Chief Internal Auditor Update

Recommendation:

- 1 That the Committee receive the Chief Internal Auditor's report.**
- 2 That the Committee approved the proposed timings and suite of reports to be presented to the Committee by the Chief Internal Auditor with the inclusion of amendments submitted by members.**

2.6 Internal Audit Charter

Recommendation

- 1 That the Committee approve the Internal Audit Charter as presented to this meeting and aligned directly with the Office of Local Government's model Charter for IA.**
- 2 That the Committee request in camera meetings with the Chief Internal Auditor be held annually.**

2.7 Implementation of Management Actions - May 2017

Recommendation:

- 1 That subject to the CEO's review and comments the Committee approve the reinstatement of Internal Audit reports carrying formal IA recommendations with management responses, agreed actions, implementation dates and nominated officer to take forward the action.**
- 2 That subject to the CEO's review and comments the Committee approve the reinstatement of the Internal Audit action tracker to help monitor and report to the Committee on the implementation of internal audit recommendations by management.**
- 3 That subject to the CEO's review and comments the Committee approve the Audit Tracker to be populated with agreed actions from the 2017/18 audit programme and beyond rather than including all the outstanding actions from reviews of the two former Councils.**

2.8 Internal Audit Balanced Scorecard Report

Recommendation:

- 1 That the Committee approve the continuation of a set of balanced scorecard measures for the IA function.**
- 2 That the Committee approve the balanced scorecard measures for Internal Audit as attached in Appendix 1.**

2.9 Internal Audit Work Program 2017/18

Recommendation:

That the Committee approve the proposed IA schedule of business assurance audits for 1 July 2017 to 30 June 2018, as set out in Appendix 1.

2.10 Central Coast Demographic Details within the Local Government Area

Recommendation:

That the Committee note the Central Coast Demographic Details within the Local Government Area report.

2.11 Outstanding Action Item Log

Recommendation:

- 1 That the Committee receive the Outstanding Action Item Log report.**
- 2 That the Committee confirm that it will be updated with current meetings action list.**

2.12 Council's Cloud Usage

Recommendation:

That the Committee receive the Council's Cloud Usage report.

3.1 Report from Office of Internal Ombudsman

Recommendation:

That the Committee note the report from the Internal Ombudsman.

GB1/17 ARIC Members Tour

F2017/00092

"That the three independent members of the ARIC have a tour of the LGA and view major facilities, capital works and infrastructure in due course."

The Meeting closed at 4.03 pm.

Next Meeting: 2.00pm Tuesday 29 August 2017

Wyong Administration Building - 2 Hely Street, Wyong NSW

ACTION ITEM SCHEDULE		
ITEM	ACTION	RESPONSIBLE OFFICER
Item 2.1 20 June 2017 Meeting	ARIC Charter to be amended to reflect input from the Independent Members	Governance
Item 2.3 20 June 2017 Meeting	Finance Policies and Guidelines be reviewed to consider comments and input from the Independent Members	Finance
Item 2.4 20 June 2017 Meeting	Link to PMO to be resent to the Independent Members	PMO
Item 2.5 20 June 2017 Meeting	Internal Audit Reports to be amended to reflect input from the Independent Members	Internal Auditor
Item 2.7 20 June 2017 Meeting	Review implementation of Management Actions by CEO and Internal Audit and bring these matters back to the ARIC to confirm.	CEO and Internal Auditor
Item 2.11 26 May 2017 Workshop	Provision of significant overview of finance and asset identification and valuation <i>Briefing on revision of fixed assets, of methodology used, consistency of assessment and the level of confidence that all have been identified</i>	Finance Listed for 10 October 2017 meeting Agenda
Item 2.12 20 June 2017 Meeting	That the Committee request further information regarding data breach security.	IM&T
Item 3.1 20 June 2017 Meeting	Provide more details in the Code of Conduct report by identify trends and issues and how these are related back to the business	Internal Ombudsman
Item 3.1 20 June 2017 Meeting	Provide details of trends and issues of GIPA requests made to Council	Governance
GB1/17 20 June 2017 Meeting	A request that the three independent members of the ARIC have a tour of the LGA and view major facilities, capital works and infrastructure in due course.	CEO



Item No: 3.1
Title: Executive Leadership Team - Update
Department: Chief Executive Officer's

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Chief Executive Officer

AUTHOR: Chief Executive Officer

Summary

Update on Council's Executive Leadership team and confirmation of acting arrangements.

Recommendation

That the Committee receive the report on Council's Executive Leadership team.

Background

As verbally advised, there were two recent resignations from Council's Executive Leadership Team.

Chief Financial Officer (CFO), Stephen Naven and Chief Information Officer (CIO), David Kennedy, submitted their resignations, for personal reasons, earlier this month. Steve and David leave with our thanks for their work and our best wishes for the future.

We have Unit Manager Finance, Vivienne Louie; acting as CFO and Executive Manager Transformation and Business Performance, Sally Ingram, acting as CIO. Viv and Sally are very capable and I have confidence that they will ably lead their functions until the new Council considers what to do about permanent arrangements.

Attachments

Nil



Item No: 3.2
Title: Data Breach Security Report
Department: Finance and Information

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Executive Manager Transformation and Business Performance

AUTHOR: Executive Assistant to Chief Information Officer

Report Purpose

A presentation will be made to the Committee on Council's data breach security.

Recommendation

That the Committee receive Council's data breach security.

Attachments

Nil.



Item No: 3.3
Title: Enterprise Resource Planning Systems - Update
(Transition Projects and Updates)
Department: Chief Executive Officer's

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Chief Executive Officer

AUTHOR: Chief Executive Officer

Summary

Update on Council's Enterprise Resource Planning Systems.

Recommendation

That the Committee receive the report on Council's Enterprise Resource Planning Systems.

Background

As members are aware, the council installed a new information management and technology platform that took effect from 1 July 2017. The changeover, necessitated by to out of date systems used by both former councils and the need to align corporate systems to one platform, was approached using a rapid implementation methodology in a very short timeframe.

Whilst the changeover was a technical success, involving a wonderful, collaborative effort by dozens of staff and contractors, as well as the vendors., it has not been a pain-free implementation.

A number of issues arose during the implementation process and some are continuing. They have led to a decision to delay the implementation of the proposed tranche two rollout of the systems, to enable us to focus on addressing outstanding issues from the tranche one implementation to adequately deal with them. The review process has highlighted matters for attention and our team are now working to ensure improved engagement with the various parts of our business to deal effectively with current outstanding issues and to also better plan, design and implement solutions for the other systems scheduled to be established. This approach will help to better manage the associated risks and costs.

We will brief the committee in more depth at the meeting and be available to answer questions.

Attachments

Nil



Item No: 3.4
Title: Finance Policies
Department: Finance and Information

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Unit Manager

AUTHOR: Financial Controller

Report Purpose

The purpose of this report is to provide a response to the Audit, Risk and Improvement Committee ("Committee") based on its recommendations from the meeting on 20 June 2017 regarding the Finance policies presented.

Recommendation

That the Committee note the response from staff regarding the finance policies.

Context

At the June meeting of the Committee, Finance presented four policies for its consideration. The policies were directed to the Committee after being adopted by Council at the meeting on 26 April 2017. The policies included:

- Policy for Debt Management
- Policy for Investment Management
- Policy for Debt Recovery and Hardship
- Policy for Pensioner Rebates

The minutes from the June meeting states that the Committee had recommended changes to the Policy for Investment Management and queried the high level funding ratio's that provided direction to the Policy for Debt Management.

Current Status

Policy for Debt Management

The Committee in its June meeting proposed extending debt facilities to accommodate additional capital expenditure. We understand that the rationale for this recommendation is the prevalence of low interest rates and the current extensive asset backlog.

Policy for Investment Management

The Committee in its June meeting recommended the exposure to BBB category investments allowable under the Investment Guidelines be revised down from the current weighting from 40.0% to 20.0%.

3.4 Finance Policies (contd)

The latest Investment report for July 2017 details total BBB investments at 47.5%. This has been impacted by recent downgrades to investments in Bendigo Bank and Bank of Queensland (18.0%) that occurred after the adoption of the current Investment policy. Excluding this downgrade, the share of investments with BBB rating would have been 30.0%.

The investment portfolio is currently being rebalanced as investments mature. Council's portfolio will contain less than 20.0% BBB rated investments by approximately the end of February 2018 based on the current maturity schedule.

In addition the committee has proposed the maximum exposure to any single counterparty be reduced from 100.0% (for AAA securities) to 20.0% (for AAA rated securities).

Proposal

Policy for Debt Management

No change has been made to the current policy. We can confirm the financing strategy is to maintain focus on utilising available unrestricted cash, and where permitted, restricted cash reserves to fund capital expenditure.

The July 2017 Investment report shows Council holds \$402m in cash and investments with approx. \$83m in unrestricted cash reserves. Council has a capital expenditure budget exceeding \$200m for 2018. There are sufficient cash reserves to satisfy the current capital expenditure activities in the short term. The next major debt refinancing based on loan maturities commences in 2019.

No provision has been made in the Operational Plan 2018 to extend debt funding but this situation will be continued to be monitored and should additional funding be required, a report to Council will be prepared to seek Council's approval. Council operates within its debt covenants and can access additional debt finance on competitive terms if required.

Seeking external debt finance is more costly than utilising internal unrestricted cash reserves and restricted cash reserves (where permitted).

Policy for Investment Management

The revised Investment guidelines are to be presented to Council for adoption at the September meeting and reflect the recommendation of the Committee. Please see below copies of the tables from the Investment Guidelines that reflect these changes.

Council will continue to rebalance the portfolio as investment mature to counter the impact of the recent downgrades to its investments in Bendigo Bank and Bank of Queensland.

Council's investments are comfortably within the counterparty risk thresholds so the change to the Investment Guidelines won't have any impact on the portfolio.

3.4 Finance Policies (contd)

Table 2 – Maximum portfolio weighting per rating category

Long Term Credit Ratings	Short Term Credit Ratings	Maximum Portfolio Weighting
AAA Category	A-1+	100%
AA Category	A-2	80%
A Category	A-2	60%
BBB Category	A-3	20%
Unrated	Unrated	2%

Table 3 – Counter Party Risk

Individual Institution Limits		
Long Term Credit Ratings	Short Term Credit Ratings	Maximum Exposure
AAA Category*	A-1+	20%
AA Category*	A-1+	20%
A Category	A-2	20%
BBB Category	A-3	10%
Unrated Category	Unrated	2%

Consultation

No consultation has been undertaken in respect to the changes that would transpire based on the recommendations from the committee.

Financial Impact

Policy for Debt Management

Council continues to focus on utilising its existing cash resources to fund capital expenditure rather than seek external debt finance unless it is necessary. External debt finance, whilst interest rates are low, is still more expensive than unutilised unrestricted cash reserves.

Policy for Investment Management

Reducing the exposure to BBB rated Investments will have a slightly negative impact on Interest income.

Attachments

- | | | |
|---|---|-----------|
| 1 | Investment Guidelines 2017 08 14 | D12793914 |
| 2 | Policy for Investment Management 2017 08 14 | D12793913 |

Investment Guidelines

Council is a prudent investor. It is intended to maximise investment returns while maintaining the security of investments through the prudent management of risk.

Risk Management

Detailed decisions on the purchase and sale of investment assets will be mindful of the following risk categories.

Risk	Mitigants
Risk of Capital Loss	Diligent product research, diversification and an intention to hold assets to maturity.
Liquidity risk	Cash flow forecasting, allocation of investment funds to time horizons, maintenance of a "liquidity reserve" through conservative assumptions in cash flow forecasting.
Market timing risk ("not getting a good price on the day")	Stagger investment dates, maintain spread of maturity dates.
Credit Risk	Credit Risk guidelines imposing required credit rating targets for the portfolio.
Concentration risk ("all eggs in one basket")	Concentration Risk guidelines imposing maximum exposure for Individual institutions.
Product risk	Undertake rigorous product research.
Interest Rate (duration) risk	Market Investments acquired at par value will not be exposed to interest rate fluctuations if they are redeemed at maturity.
Income risk	Conservative approach to investment income budgeting.
Regulatory risk	Regulation embedded in Investment Policy. Portfolio actively managed to comply with Policy.
Fraud risk	Documented investment procedures, separation of responsibilities for investment decision making and transaction settlement, only one account for payment of redemption proceeds, use of licensed custodians or third party registries where applicable.
Safe keeping / Clear title risk	Documented investment procedures.

Target Asset Allocation, Liquidity and Market Timing (Allocation of Funds)

The Target Asset Allocation (TAA) will be determined from time to time having regard to the economic conditions that are prevalent. In setting the strategic asset allocations, Council is relying upon assumptions of expected investment returns and market conditions. Each investment category will be re-balanced within the target asset allocation range on a continual basis.

The factors and/or information used to determine the TAA include, but are not limited to:

- Council's liquidity requirements based on cash flow forecasts, allocation of funds to time horizons, maintenance of a "liquidity reserve" through conservative forecasting ;
- Investments limited by strategy to buy and hold to maturity , diversification constraints and product research
- The shape of the bank bill swap curve (yield curve);
- Term deposit spread curve (i.e. the rate financial institutions are paying above the relevant BBSW rate);
- Credit spreads; and
- Macro economic variables.

The TAA will be established between the minimum and maximum allocation range and will be managed with a tolerance range outside of the target as shown in the table below.

Table 1 - Target Asset Allocation Table

Investment Category	Investment Horizon	Target Allocation	Tolerance range outside of target asset allocation
Working capital funds	0-3 months	10.0%	+/- 10.0%
Short term funds	3-12 months	60.0%	+/- 10.0%
Short-Medium term funds	1-3 years	15.0%	+/- 7.5%
Medium term funds	3-5 years	7.5%	+/- 7.5%
Long term funds	5 years	7.5%	+/- 7.5%
TOTAL		100.0%	

Credit Risk

Before entering into any investment transaction with a new institution there will be a diligent review of the creditworthiness of that institution. The Chief Executive Officer or his/her delegate must form its own opinion of the risk attached to an institution and not merely rely on published credit ratings.

Central Coast Council will not invest in subordinate debt.

The portfolio credit guidelines to be adopted will be based on the S&P ratings system criteria. The maximum available limits in each rating category are as follows:

Table 2 – Maximum portfolio weighting per rating category

Long Term Credit Ratings	Short Term Credit Ratings	Maximum Portfolio Weighting
AAA Category	A-1+	100%
AA Category	A-2	80%
A Category	A-2	60%
BBB Category	A-3	20%
Unrated	Unrated	2%

Concentration Risk (Counterparty/Institution Credit Framework)

Exposure to individual counterparties/financial institutions will be restricted by their S&P rating so that single entity exposure is limited, as detailed in the table below:

Table 3 – Counter Party Risk

Individual Institution Limits		
Long Term Credit Ratings	Short Term Credit Ratings	Maximum Exposure
AAA Category*	A-1+	20%
AA Category*	A-1+	20%
A Category	A-2	20%
BBB Category	A-3	10%
Unrated Category	Unrated	2%

*The limit may be exceeded temporarily to the extent that the excess represents funds held on deposit awaiting reinvestment.

Product, Interest Rate and Income Risk / Term to Maturity Framework

The investment portfolio is to be invested with a conservative approach to income budgeting within the following term to maturity constraints, subject to rigorous product research:

Table 4 – Term to Maturity

Description	Maximum Exposure
Portfolio allocation:	
Portfolio % < 1Year	100%
Portfolio % > 1 Year < 3 Years	60%
Portfolio % >3 Years < 5 Years	30%
Portfolio % > 5 Years	30%
Maturity of financial institution securities:	
ADI issues rated A or above	10 years
ADI issues rated BBB to A-	5 years
ADI issues non-rated	nil

Regulatory, Fraud and Safekeeping/Clear title risk

The regulatory framework for investments is embedded within the investment policy and the Portfolio will be actively managed to comply with policy.

Risk of Fraud and safe keeping is mitigated by documented investment procedures, separation of responsibilities for investment decision making and transaction settlement, with only one account for payment of redemption proceeds, including the use of licensed custodians or third party registries where applicable.

Benchmarking and Monitoring

Each investment in the portfolio is to be evaluated and monitored against a performance benchmark appropriate to the risk and time horizon of the investment concerned. The objective is to ensure that all investments under consideration can deliver a level of return commensurate with their risk profile and that they are competitive with an appropriate peer group of alternative investment options. The eligibility of an investment is determined by the NSW Local Government Minister's Order dated 12 January 2011.

Under these Investment Guidelines, no assets other than those listed in the table below will be eligible.

Table 5 – Target Returns and suitable products

Investment Category	Investment Horizon	Bench Mark	Permitted
Working capital funds	0-3 months	Official cash rate	11am, overnight call and cash A/Cs, short dated Bank Bills, TCorp TCorpIM Cash Fund
Short term funds	3-12 months	3 month BBSW+ 10 basis points	TCorp TCorpIM Cash Fund , Term Deposits
Short-Medium term funds	1-3 years	18 Month BBSW +10 basis points	Term Deposits, Senior ADI Fixed and Floating Rate Notes, short dated Bonds, TCorpIM Strategic Cash Fund
Medium term funds	3-5 years	Bloomberg Ausbond Composite 2-5 year index	Term Deposits, Senior ADI Fixed and Floating Rate Notes and Bonds
Long term funds	5 years	Bloomberg Ausbond Composite 2-5 year index	Term deposits, Senior ADI Fixed and Floating Rate Notes and Bonds

Implementation and Authority to Amend Strategy

The Investment Guidelines noted earlier in this policy set out the intended approach to investments in the market conditions that are expected to prevail over the medium to long term investment horizon. However, there may be periods, sometimes sustained, where “normal” market conditions do not apply, for example, periods where short term interest rates are higher than long term interest rates, or investments of similar credit quality offer different yields due to liquidity differences.

The CEO or his/her delegate may approve a variation to this strategy if the investment is to the Council’s advantage or due to revised legislation subject to this variation being reported to Council in the next available monthly investment report.

Professional Advice

Council may seek professional, external investment advice from time to time to provide assistance in Investment Strategy formulation, portfolio implementation and monitoring in accordance with the Policy for Investment Management.

Authorised:

Vivienne Louie

Acting Chief Financial Officer

21 August 2017



Central Coast Council
Policy for Investment Management

Version 0.4
Carlton Oldfield
21 August 2017



Policy for Investment Management

Author: Carlton Oldfield

Date: 21 August 2017

Version 0.4

Approved by: Vivienne Louie

Date of Approval: 21 August 2017

Assigned review period: 1 year

© Central Coast Council

Wyong Office:

2 Hely St / PO Box 20 Wyong NSW 2259

P 02 4350 5555

Gosford Office:

49 Mann St /PO Box 21 Gosford NSW 2550

E ask@centralcoast.nsw.gov.au

W www.centralcoast.nsw.gov.au

A. Policy Summary

- A1 This policy defines the circumstances under which Central Coast Council ("CCC") may invest Council funds not required for immediate and short-term operational purposes.
- A2 It sets out the risk profile, investment strategy and authorities to execute investment instruments.

B. Policy Background

- B1 All investments are to comply with:-
B1.1 *Local Government Act 1993*;
B1.2 Local Government– Ministerial Order dated 12 January 2011;
B1.3 Sections 14A (2), 14C (1) and (2) of the *Trustee Amendment (Discretionary Investments) Act 1997*
B1.4 *Local Government (General) Regulation 2005*;
B1.5 Division of Local Government Circular 11-01
B1.6 Local Government Code of Accounting Practice and Financial Reporting; B1.7 Australian Accounting Standards
- B2 The Office of Local Government releases guidance to Councils on investment management from time to time. Council will review this policy in light of such advice.

C. Policy Objectives

- C1 The purpose of this policy is to provide a framework for investment of Council's funds with a view to minimising the risk of loss of capital or interest, to ensure that liquidity requirements are observed and after taking into account these two priority objectives, seeking to achieve the best rate of return available.
- C2 While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity and the rate of return of the investment.

D. Definitions

- D1 **Delegated Authority** - means any function, duty or power vested in the Council by the Act, that the Council may, within the terms of the Act, delegate to a Council member, Committee of the Council, Chief Executive Officer, employee or person or class of persons approved for the purpose.
- D2 **Policy** – means policy created and approved by the Council, as well as any policy of either the former Gosford City Council or the former Wyong Shire Council that applies to Council by the operation of the Proclamation.
- D3 **Council** – means Central Coast Council.
- D4 **Investment** - means the placement of Council monies in any form of investment instrument that provides for returns. It does not include any investment made in capital assets, people or property. An investment must comply with Council's adopted Investment Policy.
- D5 **CEO** - means the person appointed to the position of Chief Executive Officer of the Council, who undertakes the functions of the General Manager under the Act.

- D6 **Proclamation** - means the *Local Government (Council Amalgamations) Proclamation 2016*.
- D7 **The Act** - means the *Local Government Act 1993*
- D8 **Year** - means from July 1 to June 30 (financial year).
- D9 **The Bank Bill Swap Reference Rate (BBSW)** – is the midpoint of the nationally observed best bid and offer for AFMA Prime Bank eligible securities.
- D10 **Floating Rate Note** – is a medium term fixed security where the coupon is a fixed margin ('coupon margin') over a variable rate benchmark. The benchmark is commonly BBSW and is reset at regular intervals.

E. Policy Statements

General

- E1 This policy does not confer any delegated authority upon any person.
- E2 Council will not instruct the CEO in any manner that requires the CEO to breach his or her statutory responsibilities in respect of investments.
- E3 Subject to any functions, duties or powers conferred directly on a Council or CEO by the Act, the Council will delegate to the CEO, the power to make decisions relating to the effective and efficient management of investments in accordance with this policy.
- E4 The CEO or their delegate may, in exceptional or emergency circumstances, approve an action outside the requirements of this policy provided that any such variation to this policy is reported to Council in the next monthly investment report.
- E5 Other investment acquisitions. The Council alone may approve the acquisition of land or holding of any shares or interests in a body corporate, partnership, joint venture or other association of persons; or settle, or be, or appoint a trustee of, a Trust.
- E6 The Council will not delegate to any person the authority to raise capital or to specifically borrow money by any means, including options, swaps or any other non-balance sheet items.
- E7 Council will only allow investment for the purpose of achieving the effective and efficient on-going management of the Council organisation in accordance with the Act, Operational Plan, Long Term Financial Strategy and any other policy made from time to time.
- E8 Investments will be managed with the care, diligence and skill that a prudent person would exercise and officers shall not engage in activities that would conflict with the proper execution and management of Council's investment portfolio.
- E9 Management of the risks associated with delegation of authority shall be achieved by way of detailed regular reporting on the exercise of all functions, duties and powers delegated throughout the organisation and by the Council.
- E10 Subject to functions, duties or powers conferred upon the CEO by the Act, all delegated authorities must be exercised in accordance with relevant CCC policies and procedures set by the Council or CEO from time to time.

- E11 Variations, reviews or additions to this policy shall be approved by resolution of the Council.
- E12 The Policy for Investment Management will be reviewed annually or as required in the event of legislative changes and/or guidelines as per B2.
- E13 This policy is not dependent on the terms of any other policy or procedures except the Act or direct, lawful instruction under the terms of the Act.

Investment Guidelines

- E14 The CEO or his/her delegate, in consultation with council staff, will approve investment guidelines, within this policy, as part of the annual review, which will set the general direction for the purchase and sale of investment assets for the coming period and prescribe performance targets by asset category.
- E15 The performance of the portfolio will be assessed against a benchmark set annually in the Investment Guidelines.
- E16 The CEO, in consultation with Council staff shall issue guidelines reviewed at least annually, for the management of the following risk classes:-

Credit Risk Management which must include:-

- E16.1 Maximum portfolio weighting by total assets in an asset grouping
- E16.2 Maximum amount to be held with an individual institution within an asset grouping

Term to Maturity Framework

- E16.3 Asset groupings will be defined with reference to credit rating.
- E16.4 The amount of investment risk attached to a particular security is in part related to its term to maturity. Guidelines for the management of term to maturity risk shall at a minimum prescribe the maximum exposure by term to maturity groupings, as an example, percentage of portfolio maturing in three to four years.

Investments

- E17 All investment securities must be denominated in Australian Dollars.
- E18 New investments shall be limited to (by statute):-
- E18.1 Any public funds or securities issued by or guaranteed by the Commonwealth, any State or a Territory of the Commonwealth;
- E18.2 Any debentures or securities issued by other Local Government Councils;
- E18.3 Interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (ADI), as defined in the *Banking Act 1959*, but excluding subordinated debt obligations;
- E18.4 A deposit with NSW Treasury Corporation or investments in an Hourglass Investment Facility of the NSW Treasury Corporation;

- E18.5 Any bill of exchange which has a maturity date of not more than 200 days and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an ADI by the Australia Prudential Regulation Authority.
- E19 This investment policy prohibits any investment carried out for speculative purposes including, but not limited to:
 - E19.1 Derivative based instruments;
 - E19.2 Principal only investments or securities that provide potentially nil or negative cash flow;
 - E19.3 Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind;
 - E19.4 The use of leveraging (borrowing to invest) of an investment
 - E19.5 Extensive trading activity

Accounting and Reporting

- E20 Council will comply with appropriate accounting standards in valuing its investments and quantifying its investment returns.
- E21 Investment income must be recorded according to accounting standards. Published reports may show a breakdown of its duly calculated investment returns into capital gains and losses and interest.
- E22 A report will be provided to Council on a monthly basis when Ordinary Meetings occur. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio and maturity dates.
- E23 From time to time financial assets may be acquired at a discount or premium to their face value. Discount or premium is to be taken into account in line with relevant Australian Accounting Standards.
- E24 For audit purposes, certificates must be obtained from the banks/fund managers/custodian confirming the amounts of investment held on Council's behalf at 30 June each year.

Independent Financial Advisor

- E25 From time to time, Council may utilise the services of a suitably qualified and experienced investment advisor for the purposes of achieving the aims of this policy.
- E26 Any appointment of an Independent Financial Advisor (IFA) will be by resolution of Council. The IFA must be licensed by the Australian Securities and Investment Commission. An appointed Independent Advisor will have no conflict of interest in respect to their investments recommended. The term of an Independent Financial Advisor will not exceed 3 years.



Item No: 3.6
Title: Government Information (Public Access) Act
Department: Governance

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Unit Manager, Governance & Business Services

AUTHOR: Section Manager, Governance

Report Purpose

This report provides information regarding the application of the *Government Information (Public Access) Act NSW 2009* ("GIPA Act") at Central Coast Council over the past 12 months. The report also identifies improvements and opportunities for performance in this area.

Recommendation

That the Committee note the report on GIPA Applications received.

Background

Central Coast Council is under an obligation under the *Government Information (Public Access) Act NSW 2009* ("GIPA Act") to respond to formal GIPA Application in a set timeframe and to respond to informal request in a reasonable timeframe.

Council is also under an obligation under the GIPA Act to proactively release all government information that is, and can be classified, as "open access information".

Over the 2016/17 financial year Council received the following GIPA Applications.

Location	Formal Applications Received	Informal requests received
Gosford	64	1011
Wyangong	49	306
Total	113	1,317

The number of Informal Requests recorded for the Wyong Office are only those Informal Requests that were processed by the GIPA team. The former Wyong Council had an established process whereby *Customer Services* and *Land and Property Information Services* areas of Council dealt with the majority of Informal Requests being made. The Wyong Office's request numbers have been consistent over the past few financial years.

In the Gosford Office there has been a sizable upward trend of all GIPA related Applications. By way of example there were only 17 Formal GIPA Applications for the 2015/16 financial year compared to 65 for the 2016/17 financial year.

The GIPA role has been with the Governance team since the start of the 2016/17 financial year, we are unable to identify a clear reason as to why there has been such a dramatic increase in the number of GIPA Applications made in the Gosford Office. There appears to be a greater and growing awareness of the GIPA process, either as a result of peoples' own previous experience or people being directed to follow the process by staff to access the information that they are after.

There is a possibility that it is part of a more rigorous process that has been applied to both GIPA Applications and Informal Requests to more diligent manage the latter and more comprehensively address the former.

The attached statistical information provides a detailed breakdown of the Formal GIPA's received by Central Coast Council for the 2016/17 Financial year into the following:

- Number of applications by type of applicant and outcome;
- Number of applications by type of application and outcome;
- Invalid applications;
- Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act;
- Other public interest considerations against disclosure: matters listed in table to Section 14 of the Act;
- Timeliness; and
- Number of applications reviewed under Part 5 of the Act (by type of review and outcome).

It is noted that there has been a double counting in Table A and B, that is 19 Applications have been recorded as both being *Access granted in full* and/or *Access granted in Part* and/or *Access refused in full*, depending on the information provided and whether the initial Application was extended to include an additional Application for information while still being classified as the one Application. Moving forward the GIPA team will only be recording one response per application.

When these 19 are accounted for, and the *Information not held*, *Information already available*, and *Application withdrawn* are accounted for, we are left with 98 Formal GIPA Applications processed and five *Refuse to deal* (deemed refusals as Council did not process the request in time) out of the 113 received in the 2016/17 Financial year. This resulted in a total of ten Formal Applications received in the 2016/17 Financial year which either have been, or are being, dealt with in the 2017/18 Financial year as required.

3.6 Government Information (Public Access) Act (contd)

Of these 98 Formal GIPAs processed, while more often than not the categories overlap, the type of Formal GIPAs being received for the 2016/17 Financial year and their percentages are:

Category of Formal GIPA	Percentage of Formal GIPAs
Information regarding Complaints.	20%
Request made because of possible claim (either against Council or elsewhere).	23%
Documents relating to neighbouring properties/issues.	11%
Community groups/about community issues.	23%
Others (such as GIPA request about GIPAs previously made, Dog owner details re. dog attacks, Council contracts and tender information).	23%

These details have only been recorded for the 2016/17 financial year, whilst the GIPA function has been the responsibility of the Governance Team. As such, we are unable to comment on whether there has been an increase in one field over another or a development of a new field at this stage.

However, moving forward the GIPA team will be monitoring, recording and categorising the GIPA Applications that are received by Central Coast Council over the 2017/18 Financial year, from which we will gain greater visibility and an opportunity to be far more specific in any future report.

In addition to this, the GIPA team is now resourced based on local government industry accepted levels. This will assist to ensure that Central Coast Council is proactively releasing all government information that is, and can be, classified as "open access information". The achievement of this mandate will go a long way in establishing Central Coast Council as a model GIPA Council.

Attachments

- 1 Statistical information about Formal Applications processed (as opposed to received) included in Council's annual report D12797496

GIPA Information								
GOVERNMENT INFORMATION (PUBLIC ACCESS) REGULATION 2009 SCHEDULE 2								
Table A: Number of applications by type of applicant and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
<i>Media</i>	0	0	0	0	0	0	0	0
<i>Members of Parliament</i>	1	0	0	0	0	0	0	0
<i>Private sector business</i>	11	7	2	2	1	0	0	3
<i>Not for profit organisations or community groups</i>	1	2	1	1	0	1	0	0
<i>Members of the public (Legal Representatives)</i>	18	9	1	1	2	0	0	2
<i>Members of the public (Other)</i>	28	21	15	2	4	4	0	5
Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
<i>Personal information applications</i>	1	1	0	0	0	0	0	0
<i>Access applications (other than personal information applications)</i>	53	36	18	6	6	5	0	10
<i>Access applications that are partly personal information applications and partly other</i>	5	2	1	0	1	0	0	0
Table C: Invalid applications								
Reason for invalidity						Number of applications		
Application does not comply with formal requirements (Section 41 of the Act)						2		
Application is for excluded information of the agency (Section 43 of the Act)						0		
Application contravenes restraint order (Section 110 of the Act)						0		
Total number of invalid applications received						2		
Invalid applications that subsequently became valid applications						1		
Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act								
						Number of times consideration used		
Overriding secrecy laws						0		
Cabinet information						0		
Executive Council information						0		
Contempt						0		

Legal professional privilege	1		
Excluded information	0		
Documents affecting law enforcement and public safety	0		
Transport safety	0		
Adoption	0		
Care and protection of children	0		
Ministerial code of conduct	0		
Aboriginal and environmental heritage	0		
Table E: Other public interest considerations against disclosure: matters listed in table to Section 14 of the Act			
	Number of occasions when application not successful		
Responsible and effective government	14		
Law enforcement and security	10		
Individual rights, judicial processes and natural justice	42		
Business interests of agencies and other persons	14		
Environment, culture, economy and general matters	0		
Secrecy provisions	4		
Exempt documents under interstate Freedom of Information legislation	0		
Table F: Timeliness			
	Number of applications		
Decided within the statutory timeframe (20 days plus any extensions)	93		
Decided after 35 days (by agreement with applicant)	5		
Not decided within time (deemed refusal)	5		
Total	103		
Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal Review	0	4	4
Review by Information Commissioner	2	3	5
Internal review following recommendation under Section 93 of Act	1	0	1
Review by NCAT	0	1	1
Total	3	8	11



Item No: 3.8
Title: IA Balanced Scorecard Report
Department: Governance

29 August 2017 Audit Risk and Improvement Committee Meeting

MANAGER: Executive Manager Governance

AUTHOR: Chief Internal Auditor

Report Purpose

A standing agenda item of the Audit, Risk and Improvement Committee is for IA to deliver a balanced scorecard progress report to each quarterly meeting.

Summary

A report detailing progress by the IA function against the thirteen prescribed balanced scorecard measures.

Recommendation

That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.

Background

Internal Audit has a set of performance metrics presented as a "Balanced Scorecard". These metrics are intended to provide Management and the Audit, Risk and Improvement Committee with information and data that give a snapshot of IA progress against key measures and how the unit is operating from the perspective of different stakeholders and areas of competence.

There are thirteen measures altogether, falling under one of three categories:

1. Audit, Risk and Improvement Committee
2. Executive and Audit Stakeholders/Customers
3. Internal Audit Processes
4. Innovation, Professional Development and Capability

A subset to the balanced scorecard measures is information from the customer satisfaction survey. The survey contains 22 questions, across the focus areas of:

- Scope of work (2 questions)
- Communication and collaboration (8 questions)
- Timeliness (4 questions)
- Knowledge and professionalism (4 questions)
- Quality and value (4 questions)

The attached table shows IA's latest progress against the existing balanced scorecard measures.

It should be noted that the assigned budgets for the IA business assurance reviews are only indicative turnaround times to help keep the audit schedule broadly on track, expedite finalisation and to minimise scope creep. The allocated budgets are best-estimates based on the likely complexity of the audit topic and the known risks at the time the work programme is drawn up. Where the budgets are exceeded, this will be noted and reasons provided.

It is important that issues arising during the reviews do not have a detrimental impact on delivery of the overall work programme. Where significant issues emerge, which are likely to require work beyond the allocated budget for the review, the matter is referred to the CEO/General Manager and members of the Audit, Risk and Improvement Committee with a proposal by the CIA to either: (i) refer to issue for review by another party; (ii) park the issue to be picked up at a later date; (iii) continue to review the matter within the scope of the current audit, and defer another audit in the current programme.

KEY HEADLINES

Of the two reviews completed since the last Audit, Risk and Improvement Committee meeting:

- both were delivered within the budgeted number of days
- both were completed within the required duration
- both reports were finalised in a timely manner, within the three week turnaround time

CONCLUSIONS

It is still early in the programme of work, so it is not surprisingly that all the quantifiable targets are being met. As the programme progresses, a more accurate picture will emerge of how well IA is meeting the balanced scorecard measures. Progress with the new schedule is going well and there has been a positive reaction and support from stakeholders who have been consulted about the work programme.

Attachments

1 August 2017 Appendix to Balanced scorecard report D12796568

PROGRESS AGAINST EACH OF THE BALANCED SCORECARD PERFORMANCE MEASURES (August 2017)

1. Audit, Risk and Improvement Committee

No	Measure	Mechanisms	Target Outcome	Progress To Date
1.1	<p>Level of satisfaction with quality, type and volume of information presented and reported.</p> <p><i>Links to IIA standard 1100</i></p>	<p>Satisfaction survey to all members of the Committee every two years.</p> <p><i>(The survey will cover as a minimum the audit mandate, audit coverage, the adequacy of reporting, an overall level of satisfaction and the perception of trend of the internal audit activity ie better, same, declining).</i></p>	<p>Improved trend for 'overall level of satisfaction' (or sustained positive ratings) indicated by each survey.</p> <p>Satisfaction rating for each part of the survey to be scored as "Good" or higher.</p>	<p>Too early to undertake full survey. Propose first formal survey September 2018 after first full year of operation with informal feedback sought from each Committee member after August 2017 meeting on papers presented to date.</p>
1.2	<p>Perspective on IA effectiveness, professionalism and competence</p> <p><i>Links to IIA standards 1200 and 1300</i></p>	<p>CIA to provide a "staff profile" to the Audit, Risk and Improvement Committee each year (covering elements such as auditing and work experience, qualifications, auditing certifications, years of auditing experience and professional outreach).</p> <p>CIA to present a Professional Development Plan to the Committee each year based on development priorities and plans and to report on progress against this plan.</p>	<p>IA staff to achieve majority of priorities in Professional Development Plan that is agreed with the Audit, Risk and Improvement Committee and General Manager and have demonstrated reasonable progress with others.</p>	<p>Biography for Chief Internal Auditor already provided to independent Committee members.</p> <p>Professional Development updates provided to Committee under the CIA progress report, section 3 "IA Work Programme - Quality and Performance".</p> <p>Profile and PDP to be issued once IA resourcing has been re-established.</p>

2. Executive & Audit Stakeholders/Customers

No	Measure	Mechanisms	Target Outcome	Progress To Date
2.1	<p>Levels of customer satisfaction with individual audits, with respect to:</p> <ul style="list-style-type: none"> ➤ Value added ➤ Usefulness of recommendations <p><i>Links to IIA standard 2000</i></p>	Customer Satisfaction Survey distributed to all relevant stakeholders after each audit.	Average rating of 3.5 or higher (out of 5) for the two key questions on the survey concerning "value add" and "usefulness of recommendations". (Each 'other' question on the survey points to the possible causes).	<p>Two audits of the 2017/18 work programme completed to date.</p> <p>Working with IT to re-establish the survey on a suitable platform so it can be accessed by staff at both North and South Offices.</p>
2.2	<p>Executive expectations of IA vis a vis experience of actual delivery.</p> <p><i>Links to IIA standard 2000 and 2100</i></p>	Executive expectations/ experience survey conducted every two years.	Analysis of gap between expectations and experience is <2.5 points for each area surveyed.	<p>Too early to undertake full survey. Propose first formal survey September 2018 after first full year of operation.</p> <p>Informal feedback to be sought from each Executive member after permanent GM is appointed.</p>
2.3	<p>Feedback (formal and informal) from staff in relation to advice and information provided by IA and improved understanding of the role.</p> <p><i>Links to IIA standard 2000 and 2100</i></p>	<p>Number of referrals to IA for informal or formal advice on risk/control related matters.</p> <p>Consultancy/advisory services provided by IA.</p>	Generally positive feedback on value and usefulness of information.	<p>CIA presentation to Library Supervisors – satisfactory feedback from attendees.</p> <p>Project Management presentation scheduled for 21-08-2017 to over 100 staff working on transformation projects.</p>

3. Internal Audit Processes

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.1	Completion of approved audit programme. <i>Links to IIA standard 2200, 2300, 2400, 2500</i>	Number of audits completed and reported to the Audit, Risk and Improvement Committee as per the ratified plan.	90%.	The Chief Internal Auditor's report summarises progress against the agreed schedule of audits and final reports issued since the last meeting. Two reviews completed as per approved programme. Currently the program is on track .
3.2	Proportion of audits completed (to draft report stage) within planned number of days budget. <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audits completed in line with planned budget as per the ratified audit plan.	90%	RMS Drives24 Wyong Shire Council - on budget (10 days total budget) RMS DRIVES24 Gosford City Council – on budget (10 days total budget) Currently running at 100%. Target being met.
3.3	Duration of audits. <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audits completed and taken to draft report stage in 12 weeks or less (measured from the start date of fieldwork to the date of issue of the draft audit report).	80%	RMS Drives 24 Wyong Shire Council - under 12 week target (2 weeks) RMS DRIVES24 Gosford City Council – under 12 week target (2 weeks) Currently running at 100%. Target being met.
3.4	Finalisation of draft audit reports. <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	Number of audit reports finalised and distributed to Audit, Risk and Improvement Committee within 3 weeks (15 working days) of issue of the draft report (in line with service standard of 10 days for management to respond to draft audit reports).	80%	RMS Drives 24 Wyong Shire Council - finalised within 8 days RMS DRIVES24 Gosford City Council – finalised within 9 days. Currently running at 100%. Target being met.

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.5	Compliance with IIA's International Professional Practices Framework (IPPF) <i>Links to IIA standards 2400 and 2600</i>	Self-assessment External assessment An annual assertion on compliance with the IIA Standards provided by the CIA to the Audit, Risk and Improvement Committee	"Generally conforms" rating of compliance with IIA Standards by the external review. External review conducted at least every five years.	Last external review against IIA Standards reported February 2016. Rated at "Generally conforms".

4. Innovation, Professional Development and Capability

No	Measure	Mechanisms	Target Outcome	Progress To Date
4.1	Training hours per member of IA <i>Links to IIA standards 1200, 1300 and 2000</i>	Log of training/professional development.	80 hours CPE every 2 years as per IIA requirements with a minimum of 20 hours in any one year. Training undertaken through >2 types of learning mechanisms.	2017/18 training undertaken so far by CIA: <ul style="list-style-type: none"> Contingent Workforce: Procurement and Management, NSW Audit Office seminar LGIAN meeting – featured presentations of Audit Committee effectiveness, Operation Ricco and NSW Audit Office performance audits for local government Cyber-Resilience , IIA webinar
4.2	Range of knowledge skills, technical expertise and competency within IA <i>Links to IIA standards 1200, 1300 and 2000</i>	Skills assessment against the IIA competency model. Log of training/professional development. Learning needs analysis. Professional Development Plan (PDP) for each member of IA.	Increasing trend in coverage of skills, knowledge and expertise within IA when assessed against the IIA competency model. Areas of training attended align with PDP.	The CIA is undertaking personal study towards the CISA (Certified Information Systems Auditor) examination. A log of professional development is required as part of IIA professional membership. PDPs will be developed when a new member of the IA team is recruited.

No	Measure	Mechanisms	Target Outcome	Progress To Date
4.3	Consideration and development of innovative methods to deliver elements of the IA framework and through IA recommendations/advice. <i>Links to IIA standards 1200, 1300 and 2000</i>	IA recommendations IA advice Implementation of initiatives as part of the IA work programme	Demonstration of considerations and innovative solutions provided through recommendations and issues raised in audit reports. CIA report to Audit, Risk and Improvement Committee outlining initiatives under development or consideration.	No work related progress in this area to report at present.

