



AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

19 December 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 19 December 2017, at 2.00pm
for the transaction of the business listed below:**

Receipt of Apologies

1 Procedural Items

1.1 Disclosure of Interest	3
1.2 Action Items	5

2 Confirmation of Minutes of Previous Meetings

2.1 Confirmation of Minutes of Previous Meetings.....	6
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3 General Reports

3.1 Agenda - Supporting Papers	7
3.2 Enterprise Risk Management.....	9
3.3 IA Annual Assurance Statement 2016-2017	12
3.4 Internal Audit Year In Review 2016-2017	27
3.5 IA Professional Development and Staff Profile	39
3.6 Recurring Themes and Risk Outlook 2016-2017	40
3.7 Chief Internal Auditor's Quarterly Progress Report	57
3.8 Internal Audit Balanced Scorecard Report	Error! Bookmark not defined.
3.9 Implementation of Management Actions Arising From IA Reviews.....	Error! Bookmark not defined.

4 Information Reports

4.1 Report on Complaints Made	Error! Bookmark not defined.
4.2 Data Breach Security Presentation	Error! Bookmark not defined.
4.3 Dates for ARIC meetings in 2018.....	58

Brian Bell
CHIEF EXECUTIVE OFFICER



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

19 December 2017 Audit Risk and Improvement Committee Meeting

Manager: Section Manager, Business Services
Author: Meg Newington, Senior Governance Officer

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

- "(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*

1.1 Disclosure of Interest (contd)

- (a1) the pecuniary interest arises only because of an interest of the councillor in 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, Councillors and staff. The Code relevantly provides that if Councillors 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 conflict of interests might be managed.

Recommendation

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



Item No: 1.2
Title: Action Items
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12906213

Author: Meg Newington, Senior Governance Officer

Manager: James Taylor, Section Manager, Governance

Executive: James Taylor, Section Manager, Governance

Current outstanding Action Items listed below

ACTION ITEM SCHEDULE		
ITEM	ACTION	RESPONSIBLE OFFICER
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

Recommendation

That the Committee note the outstanding action item.



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

19 December 2017 Audit Risk and Improvement Committee Meeting

D12885797

Manager: Sonia Witt, Section Manager, Business Services

Author: Meg Newington, Senior Governance Officer

Summary:

Confirmation of minutes of the previous Audit Risk and Improvement Committee Meeting held on Tuesday 29 August 2017 and the extraordinary meeting held Tuesday 21 November 2017.

Recommendation:

That the Committee confirm the minutes of the previous Audit Risk and Improvement Committee Meeting held on Tuesday 29 August 2017 and the extraordinary meeting held Tuesday 21 November 2017.

Attachments:

- | | | |
|----------|---|-----------|
| 1 | MINUTES - Audit Risk and Improvement Committee Meeting - 29 August 2017 | D12808545 |
| 2 | MINUTES - Audit Risk and Improvement Committee - Extraordinary Meeting - 21 November 2017 | D12893845 |



Item No: 3.1
Title: Agenda - Supporting Papers
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12894958

Author: Meg Newington, Senior Governance Officer

Manager: James Taylor, Section Manager, Governance

Executive: James Taylor, Section Manager, Governance

Report Purpose

Public availability of supporting papers to the Audit Risk and Improvement Committee Agenda.

Recommendation

That the Committee make a determination as to whether supporting papers to the Agenda be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.

Context

Council's Audit Risk and Improvement Committee Charter states:

All Committee Agendas set by the Chair and Minutes confirmed by the Committee will be recorded in Council's electronic document management system and made publicly available on Council's website. Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website unless the business is of the following kind:

- Personnel matters concerning particular individuals.
- Personal hardship of any resident or ratepayer.
- Information that would, if disclosed, confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business.
- Commercial information of a confidential nature that would, if disclosed:
 - prejudice the commercial position of a person who supplied it; or
 - confer a commercial advantage on a competitor of Council; or
 - reveal a trade secret.
- Information that would, if disclosed, prejudice the maintenance of law.
- Matters affecting the security of Council, Council Officials and Council property.
- Advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.
- Information concerning the nature and location of a place or an item of Aboriginal significance on community land.

3.1 Agenda - Supporting Papers (contd)

If the subject business is of a kind listed above then those documents will be issued under separate cover to the Agenda and are to be treated as confidential. The grounds for restricting public access to documents will be stated in the Agenda along with an explanation provided as to why public access would be, on balance, contrary to the public interest.

It is therefore appropriate that the Committee determine whether the supporting papers to the Agenda for this meeting be made publicly available.

Attachments

Nil.



Item No: 3.2
Title: Enterprise Risk Management
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12896863

Author: Michael Tattoli, Section Manager Insurance and Risk

Manager: Shane Sullivan, Unit Manager, Governance & Business Services

Executive: Brian Glendenning, Executive Manager Governance

Report Purpose

To provide a report on the Central Coast Council Enterprise Risk Management Framework as requested by the Audit, Risk and Improvement Committee.

Recommendation

That the Audit Risk and Improvement Committee note the proposed project to develop a Central Coast Council Enterprise Risk Management framework in 2018.

Background

From 2008 the former Gosford City Council had a Risk Management Committee, and from 2009 it had a basic Enterprise Risk Management (ERM) framework in place. That Committee endorsed the development of a more detailed, robust and effective framework, and an ERM project was funded and draft ERM documents were designed over the next couple of years. The ERM project did not maintain momentum due to competing priorities, and the Risk Management Committee ceased to meet in 2014. This aligned to a significant change in structure and leadership at the former Gosford City Council. Draft ERM documents and proposed methodology were used by some areas throughout the former Gosford City Council.

From 2014 the former Wyong Shire Council had both a Corporate Risk Management Group (CRMG) and an ERM framework. That ERM framework was prepared with the assistance of an external consultant and in consultation with the Audit and Risk Committee of that former Council. As a collateral effect of the merger and the departure of key staff overseeing ERM operation, the CRMG was disbanded.

Current status

Central Coast Council currently is without an integrated enterprise risk management framework and now has the opportunity to implement a Central Coast Council ERM framework.

3.2 Enterprise Risk Management (contd)

As with all policies, systems and procedures of the two former councils, a consolidation process is being undertaken. Enterprise risk management is an area that has been identified as a priority, as it is essential that this is brought to the forefront of management principles and methodologies to ensure sound decision making at all levels.

At this stage, current high level risks for Central Coast Council specifically are undetermined, however all councils face similar generic risks. The 2017 Australian Local Government Risk Report (by AON Risk Solutions) identifies the top 10 risks for councils as being:

1. **Financial sustainability** – rate capping, freeze on grants, cost shifting;
2. **Infrastructure** – funding shortfalls, competing budgets;
3. **Asset protection** – widening asset renewal gap, funding;
4. **Weather** – impact on council assets by extreme weather / climate change;
5. **Health and safety** – extended duty of care to others (contractors, volunteers, visitors);
6. **Funding** – Freeze on financial assistance grants;
7. **Reputation** – constant scrutiny from media and ratepayers;
8. **Cyber** – increasing cyber-attacks on federal, state and local government systems;
9. **Environment** – population growth, planning scheme amendments, coastline developments; and
10. **Human resources** – attracting and retaining specialist staff

It should be noted that risks associated with amalgamations or political influences were not considered or identified in this report, both of which may be applicable to Central Coast Council.

Next steps

The Executive Manger Governance has endorsed a project in 2018 to develop and implement a Central Coast Council Enterprise Risk Management framework.

There is an opportunity for the Audit Risk and Improvement Committee to provide valuable input and guidance into what it recommends Council should consider in creating a new ERM policy and framework and the reporting requirements that the Committee would expect to see.

The project as proposed would aim to:

- Provide direction and commitment to Enterprise Risk Management principles as part of Council's management planning, decision making and the undertaking of operational activities.
- Effectively integrate the management of risk into Council's high-level management planning activities to ensure the achievement of its strategic objectives as outlined in the Community Strategic Plan and associated documents. The Enterprise Risk Management

3.2 Enterprise Risk Management (contd)

(ERM) Framework involves ERM being integrated with Council's Integrated Planning and Reporting Structure.

- Apply and incorporate the Enterprise Risk Management Framework into Council's operational activities and business planning processes.
- Promote an environment of risk awareness and willingness to manage risk at all levels of the organisation.

Based on feedback from the Committee, the work done by the former Wyong and Gosford Councils, and industry best practice, it is proposed that an ERM policy and framework for Central Coast Council be created over a 12 month period commencing in the 2018 calendar year.

This Central Coast Council ERM Policy and Framework will be presented to the Executive Leadership Team for approval and provided to the Committee for comment.

Enterprise Risk Management (general)

Enterprise Risk Management is a structured and disciplined approach to aligning strategy, processes, people, technology and knowledge for the purpose of evaluating and managing uncertainties the organisation will face in its business. Development of an Enterprise Risk Management Framework is an essential component of effective corporate governance and demonstrates the organisation's commitment to due diligence.

The international standard for Risk Management - ISO 31000, defines risk as "effect of the uncertainty on objectives". With this in mind, it is the variables in any undertaking that require further investigation to determine a more predictable or more acceptable influence on objectives. A risk management framework is designed to encourage an organisation to assess all objectives and determine the best allocation of resources and appropriate processes for the most beneficial and rewarding outcome.

There is an expectation for Council to make honest, transparent and responsible decisions on behalf of the community. An integrated and robust enterprise risk management framework assists Council in demonstrating that expectation.

Attachments

Nil.



Item No: 3.3
Title: IA Annual Assurance Statement 2016-2017
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12897924

Author: Tina Baker, Chief Internal Auditor

Report Purpose

The *IA Annual Assurance Statement* forms part of the standard suite of reports to the Audit, Risk and Improvement Committee presented annually by Internal Audit.

Consideration of confidentiality (if required):

Section 6.4 of the ARIC Charter states: "Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website" with a number of specified exceptions to this. It is the Chief Internal Auditor's view that that the nature or content of this report does not falls within any of the listed exceptions and so this report and its attachment should be publicly available.

Summary

To provide the Audit, Risk and Improvement Committee (ARIC) with an annual assurance statement from Internal Audit in line with the Institute of Internal Auditors professional practices and based on the results of the 2016-2017 IA work programme.

Recommendation

The Audit, Risk and Improvement Committee receive the IA Annual Assurance Statement for 2016/17 and accompanying information from the Chief Internal Auditor.

Context

The Institute of Internal Auditors' *International Professional Practices Framework* contains a number of professional standards to help protect the integrity and validity of assurance provided by Internal Audit through the IA programme of reviews.

The annual assurance statement covers the following key areas:

- Conflicts of interest
- Error and omissions
- Impairments to objectivity and independence
- IA accountability

The attachment at Appendix 1 provides an overview of each of these areas in relation to IA performance during 2016/17.

The annual assurance statement is intended to give some comfort to the Audit, Risk and Improvement Committee that Internal Audit (IA) is operating independently, competently and with integrity. When reviewed as part of the full suite of reports provided by IA to the Committee, the statement helps the Committee to determine whether IA is able to deliver the IA annual work programme 'without fear or favour' and in line with the professional standards as established by the Institute of Internal Auditors and the Office of Local Government's Internal Audit Guidelines.

For additional context the statement provides an illustration of the *Three Lines of Defence* model and how the IA function fits into the overall governance, risk and compliance framework. IA is defined as the last line of defence, after management controls and internal review functions such as risk management, quality checks and inspections.

The independent and objective nature of the work performed by the agents under the third line of defence, does not obviate the need for accountability and so the IA Annual Assurance Statement also shows the various ways in which the role and work of IA is open to scrutiny, challenge and performance assessment.

The Annual Assurance Statement therefore provides the Audit, Risk and Improvement Committee with information relating to the integrity of the IA function, whether any significant elements of IA's work have been compromised and with a summary of how conflicts are managed.

Summary Of Results For 2016/17

No potential or actual conflicts of interest were identified or reported.

No errors or omissions were identified or reported.

There were no impairments to the objectivity and independence of the IA function reported during 2016-2017.

Conclusions

The annual assurance statement provides some comfort to the Committee that the IA function is operating with reasonable independence and objectivity, in line with professional standards and OLG guidance.

Attachments

1 Appendix 1 IA Annual Assurance Statement 2016 2017 D12902276

Central
Coast
Council



**IA Annual Assurance
Statement: 2016/17**

Purpose of the Annual Assurance Statement

To provide an annual summary of assurance to the Audit, Risk and Improvement Committee based on the past 12 months of IA activity, in line with IIA professional standards

To give the Audit, Risk and Improvement Committee an indication as to whether IA reviews are being performed independently and objectively to determine the level of reliance that can be placed upon the assurance provided through IA reports

Provides information to help the Audit, Risk and Improvement Committee review the performance of Internal Audit and ensure appropriate organisational structure, authority, access and reporting arrangements are in place, as per the Committee's Charter

Illustrates how IA fits into the Governance, Risk and Compliance (GRC) Framework as per the *Three Lines of Defence in Effective Risk Management and Control*

Conflicts of Interest Arising During Audits

IIA Attribute Standard 1120: Individual Objectivity	How Conflicts Are Managed	2016-17 Results
<p><i>“Internal Auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.”</i></p>	<p>IA Post Audit Declaration form completed for each review</p> <p>Where conflicts exist, the circumstances and reasons are fully detailed in a separate report and lodged in TRIM audit file</p> <p>CEO, Director and relevant Manager and ARIC informed of the nature of the conflict</p> <p>Action taken to address the issue is highlighted and noted for file</p>	<p>There were <u>no</u> conflicts of interest identified or reported during the 2016-17 IA work programme</p>

Impairments to IA Objectivity and Independence

IIA Attribute Standard 1130: Impairment to Independence or Objectivity	How They Are Managed	2016-17 Results
<p><i>“If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.”</i></p>	<p>IA Post Audit Declaration completed for each review</p> <p>Where impairment does occur, reasons and circumstances detailed in a separate report and lodged in TRIM audit file</p> <p>CEO, Director, relevant manager and ARIC informed of the nature of the impairment</p> <p>Action taken to address the issue is highlighted and noted for file</p>	<p>There were <u>no</u> impairments to the independence or objectivity of IA reviews identified or reported during the 2016-17 IA work programme</p>

Errors and Omissions

IIA Performance Standard 2421: Errors and Omissions

“If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.”

How They Are Managed

IA Post Audit Declaration form completed for each review

Where errors/omissions occurred, the reasons and circumstances are fully detailed in a separate report and lodged in the TRIM audit file

CEO, Director, relevant Manager and ARIC informed of the nature of the errors/omissions

Action taken to address the issue is highlighted and noted for file

2016-17 Results

There were no significant errors or omissions identified or reported in IA work, reviews or communications during the 2016-17 IA work programme

IA Post Audit Declaration Form



Internal Audit

AUDIT REVIEW: DECLARATIONS

The IIA's *International Professional Practices Framework (IPPF)* requires the following:

Attribute Standard 1100: Independence and Objectivity

The internal audit activity must be independent and internal audits must be objective in performing their work.

Attribute Standards 1110.A1

The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

Attribute Standard 1120: Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

Attribute Standard 1130: Impairment to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

Performance Standard 2421: Errors and Omissions

If a final communication contains a significant error or omission, the chief audit executive must correct the information to all parties who received the original communication.

The IIA's *Code of Ethics* requires internal auditors to apply and uphold the principles and rules of conduct relating to: integrity, objectivity, confidentiality and competency

To ensure these Standards and the requirements of the Code of Ethics are being adequately met, each internal auditor is required to make a declaration at the conclusion of each review.

I (name)..... declare that this review was conducted in accordance with the IIA International Professional Practices Framework. In particular the following were observed:

- The IA activity for this review was/was not free from interference in determining the scope of the review, performing the work and/or communicating the results.
- I did/did not have any conflicts of interest on this review.
- To the best of my knowledge, there are/there are no significant errors or omissions in the final report.
- During this review, I upheld/was not able to uphold the IIA Code of Ethics requirements relating to: integrity, objectivity, confidentiality, competency

Where I have indicated an unfavourable response, the reasons and circumstances are fully detailed in a separate report, lodged in the relevant TRIM audit file and the matter brought to the attention of relevant parties.

Date: Signature:



WWW.CC

Where Does IA Fit In The GRC Framework?



IA Accountability Framework



IA Accountability: IIA International Professional Practices Framework



IA Accountability: Compliance With Professional Standards

The IIA Standards state:

“the chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity” (1300)

“the quality assurance and improvement program must include both internal and external assessments” (1310)

“external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.” (1312)

“the chief audit executive may state that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support this statement.” (1321)

Last self assessment with external validation review reported February 2016 for IA activity at former Wyong Shire Council. Awarded highest possible rating: “generally conforms”.

IA Accountability: Reporting to ARIC



Quarterly/Each Meeting

- CIA's Progress Report
- IA Balanced Scorecard Report
- Implementation of Management Actions Report



Annual

- IA Annual Work Program (June)
- IA Year In Review (September/October)
- Emerging Themes From IA Reviews (September/October)
- Annual Assurance Statement (September/October)



Infrequent

- IA 3 Year Strategic Plan (every 3 years)
- Results of Executive and ARIC surveys (every 2 years)
- Results of external QA review of IA function (every 5 years or less)

IA Accountability: Measuring Performance



Balanced Scorecard: 13 individual measures falling under four separate categories

Customer Feedback Survey: 22 questions, across five different focus areas, following each completed review



IA Quality and Performance form part of IA framework and comprises five elements of required activity, including professional development



ARIC to review the performance of IA and ensure appropriate organisational structures, authority, access and reporting arrangements are in place



(ARIC Charter)

www.centralcoast.nsw.gov.au

Summary

For the 2016-17 IA work program:

- ✓ **there were no reported potential or actual conflicts of interest**

- ✓ **There were no identified or reported significant errors or omissions**

- ✓ **There were no reported impairments to objectivity or independence of IA reviews**

- ✓ **All audits were conducted to conform with the International Standards for the Professional Practice of Internal Auditing**





Item No: 3.4
Title: Internal Audit Year In Review 2016-2017
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12898011

Author: Tina Baker, Chief Internal Auditor

Report Purpose

The *IA Year In Review* forms part of the standard suite of reports to the Audit, Risk and Improvement Committee presented annually by Internal Audit.

Consideration of confidentiality (if required)

Section 6.4 of the ARIC Charter states: "Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website" with a number of specified exceptions to this. It is the Chief Internal Auditor's view that there is nothing in the nature or content of this report that falls within any of the listed exceptions and so this report and its attachment should be publicly available.

Summary

To provide the Audit, Risk and Improvement Committee with a summary of the work of the Chief Internal Auditor for 2016/17.

Recommendation

That the Audit, Risk and Improvement Committee receive the Internal Audit 'Year In Review' report and accompanying information.

Context

This *Year In Review* takes a look back at some of the key achievements of the IA function over the period 12 May 2016 (date of amalgamation) to 30 June 2017, aligned to the IA framework, vis a vis:

- delivery of business assurance reviews
- consulting and advisory activities
- IA work around quality and performance
- IA planning and analysis

Key Headlines

For 2016/17, the main focus for IA was on consultancy/advisory work due to the extensive activity around the organisational restructure and the absence of an Audit Committee for the period up to 26 May 2017. Key achievements across the four elements of the IA Framework are illustrated in Appendix 1 and include:

Assurance Services

- RMS Drives Wyong Shire Council
- RMS Drives Gosford City Council
- NHV Accreditation
- Administration and Effectiveness of the WSC Audit and Risk Committee
- S94 Contributions
- Payroll Validation Review (South Office)
- Libraries - Cash Management

IA Consulting & Advisory Activities

- Twenty two fraud and corruption risk assessment guides revised and updated for managers
- *Manager's Guide to Succession Planning* compiled in response to a request for advice from a senior manager concerned about the potential loss of critical skills and knowledge from his team
- Due diligence checklist compiled and provided to the sponsorship/grants team
- Independent assessor for evaluation, recruitment, interview and appointment of Cessnock City Council Chair of the Audit, Risk and Improvement Committee
- Input into scoping workshops for transformation workstreams of corporate strategy, finance, procurement and contract management, waste management, libraries, emergency management
- Analysis of fees and charges, opening hours and current/future services for libraries to help direct their strategic and operational direction
- Five public speaking engagements at professional conferences/networks

Quality & Performance

- CIA's successful completion and award of IIA's CCSA – Certification in Control Self-Assessment
- Reworking and presentation of IA Value Proposition
- IA processes mapped and uploaded into the corporate ProMapp system

IA Planning and Analysis

- Stakeholder engagement meetings, especially with officers/managers in the South
- Drafted out new audit needs assessment (ANA) template for future analysis and modelling to help shape the IA work program going forward

3.4 Internal Audit Year In Review 2016-2017 (contd)

- IA work program for 2017/18 drawn up based on theme of fraud and corruption prevention (one of the performance audit focus areas for the NSW Audit Office)

Conclusions

Overall it was a productive year for the Chief Internal Auditor, even though the IA function was reduced to just one FTE due to the maternity leave and then subsequent resignation of the Internal Auditor. The focus was on trying to add value through consultancy activities and to provide management with useful information/advice to help navigate the challenges brought about by the high degree of organisational change and uncertainty. Feedback from specific managers in relation to this work was positive and encouraging.

Attachments

- 1 Appendix 1 IA Year In Review 2016 2017 D12902344

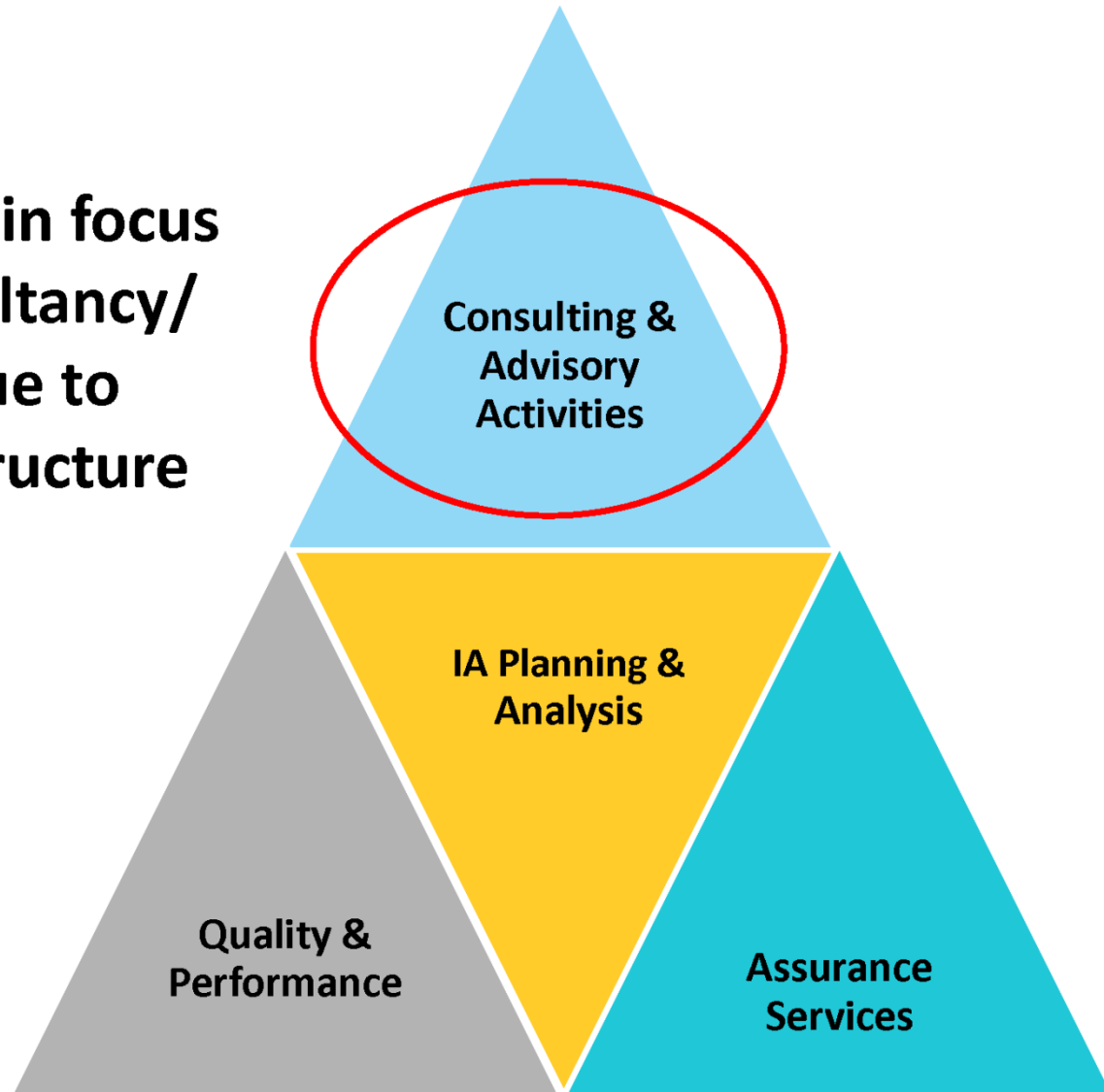


*Tina Baker
Chief Internal Auditor*

Internal Audit: Year In Review 12 May 2016 – 30 June 2017

IA Year in Review: Focus

For 2016/17, the main focus for IA was on consultancy/ advisory work due to organisational restructure activity



The IA Framework: Assurance Services (Audits Completed)



RMS DRIVES 2015/16 Wyong
RMS DRIVES 2015/16 Gosford



NHV Accreditation 2015/16



**Administration and Effectiveness of
WSC Audit and Risk Committee**



**Payroll Validation
Review – South Office**



S94 Contributions

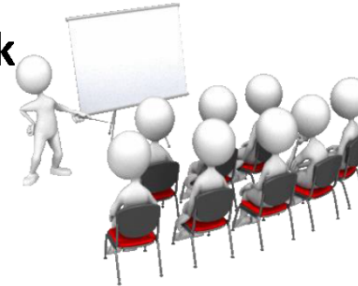


**Libraries
– Cash Management**

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The IA Framework: Consultancy & Advisory Activities

Input into scoping workshops for transformation work streams of: corporate strategy, finance, procurement and contract management, waste management, libraries, emergency management



Compiled due diligence checklist for sponsorship and grants team



Analysis of fees and charges, opening hours and future services for Libraries to help direct their strategic and operational direction

Independent assessor for the evaluation, recruitment, interview and appointment of Cessnock City Council Chair of the Audit, Risk and Improvement Committee



The IA Framework: Consultancy & Advisory Activities

22 fraud and corruption risk assessment guides for managers updated and issued

Fraud and Corruption Risk Assessment Guides: Waste Management		Fraud and Corruption Risk Assessment Guides: Cash Handling		Fraud and Corruption Risk Assessment Guides: Accounts Payable	
Potential Fraud/Corruption Risks	Possible Controls	Potential Fraud/Corruption Risks	Possible Controls	Potential Fraud/Corruption Risks	Possible Controls
<p>General waste collection</p> <ul style="list-style-type: none"> Waste collection vehicles are not properly maintained and are not used for their intended purpose. Waste collection vehicles are not properly secured and are used for other purposes. Waste collection vehicles are not properly monitored and are used for other purposes. Waste collection vehicles are not properly controlled and are used for other purposes. Waste collection vehicles are not properly documented and are used for other purposes. 	<ul style="list-style-type: none"> Waste collection vehicles are properly maintained and are used for their intended purpose. Waste collection vehicles are properly secured and are used for their intended purpose. Waste collection vehicles are properly monitored and are used for their intended purpose. Waste collection vehicles are properly controlled and are used for their intended purpose. Waste collection vehicles are properly documented and are used for their intended purpose. 	<p>General handling</p> <ul style="list-style-type: none"> General handling is not properly controlled and is used for other purposes. General handling is not properly documented and is used for other purposes. General handling is not properly monitored and is used for other purposes. General handling is not properly secured and is used for other purposes. General handling is not properly maintained and is used for other purposes. 	<ul style="list-style-type: none"> General handling is properly controlled and is used for its intended purpose. General handling is properly documented and is used for its intended purpose. General handling is properly monitored and is used for its intended purpose. General handling is properly secured and is used for its intended purpose. General handling is properly maintained and is used for its intended purpose. 	<p>Staff add bogus vendors/suppliers to creditors system to secure a personal benefit for themselves or an external party; then divert funds for private use through cheque and/or EFT.</p> <ul style="list-style-type: none"> Staff submit altered or false invoices/claims for goods or services which were not supplied to the Council brought about by: <ul style="list-style-type: none"> misleading payment schedules, outputs, measure requirements for contracts collusive practice between supplier and purchasing officer resulting in invoice price higher than approved on ordering under-supply or non-supply of actual goods/services 	<p>Policies</p> <ul style="list-style-type: none"> Code of Conduct Code of Conduct training <p>Supply controls</p> <ul style="list-style-type: none"> Reports run on purchasing trends and unusual activity followed up by Purchasing staff Automatic exception reports Matching of requisition to purchase order to quote, delivery docket and invoice for price, quantity and type of items. <p>Accounts Payable controls</p> <ul style="list-style-type: none"> Invoice prices validated by supporting documentation, such as requisitions and purchase orders Only Accounts Payable staff have access to Payables System to update and amend. All payments are authorised and made on the basis of valid supporting documentation Invoices on hold until validated. Follow-up of unusual invoices Creditor account establishment procedures - valid name, ABN, bank account, valid street address, EFT request form completed, ensure authentic company letterhead, AP staff only. ABN look-up, and BSB book used to validate supplier. Creditor Master file creation, editing restricted to authorised officers and logged. Unsettled payments authorised by Finance Manager and paid through normal EFT or cheque run. No manual cheques drawn. Check of approving signatures against authorised signatures register.

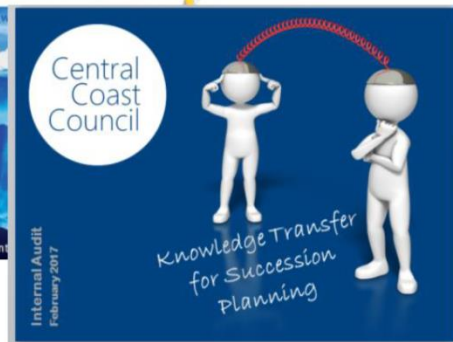
Some Knowledge Transfer Strategies

- Identify the learning and communication needs of each team member
- This enables you to determine to transfer the specific knowledge member and how that information is best captured
- Explicit knowledge can be captured through documents, team presentations, demonstrations, team presentation sheets
- Tacit knowledge can be captured through job shadowing, experienced staff, identifying common problem workshop to discuss how different people solve problems, utilising a "grey panel" to capture tacit knowledge

What Knowledge Needs To Be Transferred?

Explicit knowledge can be captured in documents, and databases

Tacit knowledge is the knowledge in our heads. It is much less concrete and more difficult to document and measure, however, it is more valuable because it provides context. Tacit knowledge requires personal communication



Manager's Guide To Succession Planning compiled and provided to assist a senior manager who was concerned about the potential loss of critical skills and knowledge from his team



- Conference/network speaking engagements:
- IIA Local Government Forum (November 2016)
 - Local Government Internal Audit Network (November 2016)
 - NSW Professionals Local Government Governance Conference (March 2017)
 - Local Government Internal Audit Network (April 2017)
 - IQPC Public Sector Fraud and Corruption Summit (May 2017)



The IA Framework: IA Quality & Performance



**Successful completion and award of IIA's CCSA -
Certification in Control Self-Assessment
Enrolment for Certified Information Systems
Auditor qualification through ISACA**

**Re-working and presentation of IA Value
Proposition to Executive seeking support and
budget for future co-sourced arrangement and
change of name to reflect the provision of
business assurance and consultancy services**



**IA processes mapped and uploaded into
corporate process mapping system**

The IA Framework: IA Planning & Analysis



Identification of key stakeholders from South Office and meetings held to discuss risks and controls to inform the audit needs assessment (ANA)

Compiled new template for ANA to help shape future IA work programs




IA work program for 2017/18 developed based on theme of Fraud and Corruption Prevention



Moving Towards Value Based IA At Council

*Operating here as
far as possible*



Fact Sheet						
Evolution of Internal Audit						
Features	Checking Up to 1960s	Compliance 1960s – 1980s	System-based 1980s – 1990s	Risk-based 1990s – 2010s	Partnership 2010s –	Value-based Emerging
Independence	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited
Serving	Finance	Finance	Finance / business units	Business units	Organisation	Organisation
Reporting to	Generally CFO	Generally CFO	Generally CFO	Emerged to CEO and then Audit Committee reporting	Audit Committee for operations; CEO for administration	Audit Committee for operations; CEO for administration
Objective	Assurance	Assurance	Assurance	Assurance	Assurance and advisory; value-adding	Assurance and advisory; value-adding; proactive; offer insights; key agent of change
Focus	Historical	Historical	Historical	Historical	Forward-looking	Forward-looking; insights
Coverage	Controls	Controls	Controls	Controls	Governance, risk management, controls	Governance, risk management, controls
Outcome	Detect mistakes	Detect mistakes	Improve controls	Improve business unit controls	Improve business units	Improve organisation; actively seek innovation
Fraud focus	Detect fraud	Detect fraud	Detect fraud	Detect fraud	Prevent fraud	Prevent fraud
Reports go to	Management	Management	Management	Management; emerged to Audit Committee	Management and Audit Committee	Management and Audit Committee
Standards	No	Standards in 1978	Internal Audit Standards	Internal Audit Standards	Internal Audit Standards	Internal Audit Standards
Resourcing	In-house	In-house	In-house	In-house; emerged to co-sourced	Co-sourced; subject matter experts and guest auditors	Co-sourced; subject matter experts and guest auditors
Staff qualifications	Financial	Financial	Financial	Financial	Some non-financial disciplines	Many disciplines
Planning	Cyclical annual plan	Cyclical annual plan	Cyclical 5-year plan	Risk-based 3-year plan	Risk-based 3-year or annual plan	Risk-based rolling plan
Audit types	Compliance	Compliance	System	Operational	Integrated	Service catalogue
Management requested services	No	No	No	Some	Yes	Yes; many

Key Focus Areas For IA Going Forward

Internal Focus

- ❖ **Need definitive decision on IA resourcing: in-house (and FTE), co-sourced (and FTE) or outsourced**
- ❖ **Reassess and evaluate IA against newly updated IIA professional standards**
- ❖ **Develop IA service catalogue**

Customer Focus

- ❖ **Reinstate and repopulate Audit Tracker to facilitate monitoring and reporting to ARIC of management actions taken in response to IA reviews and recommendations**
- ❖ **Investigate and draft up assurance map, to feed into next audit needs assessment and rolling work plan**
- ❖ **Implement new stakeholder engagement plan**





Item No: 3.6
Title: Recurring Themes and Risk Outlook 2016-2017
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12900098

Author: Tina Baker, Chief Internal Auditor

Report Purpose

The *IA emerging Themes and Risk Outlook* forms part of the standard suite of reports to the Audit, Risk and Improvement Committee presented annually by Internal Audit.

Consideration of confidentiality:

Section 6.4 of the Audit, Risk and Improvement Committee Charter states: "Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website" with a number of specified exceptions to this. The Chief Internal Auditor considers view that that the nature or content of this report does not falls within any of the listed exceptions and so recommends that this report and its attachment is made publicly available in line with Section 6.4 of the Charter.

Summary

A paper summarising the recurring themes and challenges arising from the 2016/17 IA work programme along with a risk outlook identifying emerging corporate risks and opportunities for Council in 2017/18 and beyond.

Recommendation

That the Audit, Risk Committee and Improvement receive the Emerging Themes and Risk Outlook report presented by Internal Audit.

Context

Internal Audit (IA) present a paper to the Audit, Risk and Improvement Committee each year on emerging themes arising from IA reviews and other elements of the work programme, along with a risk outlook of emerging corporate and operational risks for the next 12 months and beyond. The emerging themes exercise acts as a useful barometer for organisational culture.

The themes identified through this report present considerations around cultural or behavioural factors that have the potential to adversely impact the five key value drivers which the IA team use to underpin business assurance work, namely:

- Cost competitiveness (economy)
- Stakeholder confidence (internal and external)
- Productivity and performance (effectiveness)
- Operational agility (efficiency)
- Customer and/or community reach

Emerging Themes

The impact of the **organisational restructure** on efficiency and performance has been significant. Staff have faced the challenge of delivering 'business as usual' whilst not being certain of their own role, position or reporting line in the new structure.

The restructure has also resulted in **loss of corporate knowledge**, compounded further in that information is increasingly being held across different sources and more than one electronic document management system (TRIM and ECM) is in operation. For example, information relating to workstream projects is held in SmartSheet or on network drives or cloud drives created and saved by consultants who have now left the organisation.

The temporary nature of both the administration (pre-election) and leadership created (and continues to create) **ongoing uncertainty** for staff, resulting in continued divergence of systems, processes and operations for many critical processes. This uncertainty continues in so far as section 333 of the Local Government Act, 1993 requires: "*The council must review, and may re-determine, the organisation structure within 12 months after any ordinary election of the council.*"

The **lack of enterprise risk management** during the period has led to risk being managed at a local level, and sometimes in a reactive manner, rather than at a strategic level and through a consistent process.

Risk Outlook

When identifying the emerging, strategic risks for Council, it is important to consider the global and macro-economic and social issues, and the impact these can have at a local level, as this can be acute. A downturn in the national economy for example, can have a significant impact on a region like the Central Coast where the unemployment levels are above average and many members of the community are having to commute outside the region for employment.

This paper looks at the key emerging corporate risks, as identified by Protiviti in their paper, "*Executive Perspectives on Top Risks for 2017*" and presents the potential impact from a Council perspective. It is important that these risks are not just considered in isolation however, as the significance and consequences can increase considerably in the event of risk aggregation and/or accumulation.

The NSW Premier's priorities are a helpful anchor point as they reflect many of the challenges facing the Central Coast Community and Council and early indications from community engagement on the strategic plan suggest similar themes to be emerging. Considering Council's response to these risks therefore could help the organisation adopt a proactive, strategic agenda for managing some of these risks.

Conclusion

IA will continue to objectively review the effectiveness of controls in place to manage key strategic and operational risks associated with the topic areas in the annual IA work programme and report to Council, via the Audit, Risk and Improvement Committee on the outcome of those reviews. The Audit, Risk and Improvement Committee may commission changes to the IA work programme at any time in line with emerging corporate or operational risks as they consider appropriate.

Attachments

- 1 Appendix 1 IA Emerging Themes and Risk Outlook 2016 2017 D12906093

Central
Coast
Council



*Tina Baker
Chief Internal Auditor*

IA's Recurring Themes and Challenges, Emerging Risks & Opportunities 2016-2017

Purpose Of This Report



To reflect back on IA's work programme for 2016/17 and highlight recurring themes/issues

To consider the challenges facing the IA unit for this period




To look at some of the community concerns through the headlines for the same period

To present a risk outlook for the operational risks and emerging Corporate risks for Council for the next 12 months and beyond



Challenges: Getting the Balance Right - Process, People, Planning and Performance



“For very good reason, organisational change can be daunting for both managers and employees... It is unsurprising that a change manager’s attention is often focussed on the human factors. Too often though, it seems that the focus on human factors has come at the expense of hard factors, such as planning and control. Change in an organisation is, by definition, a change in the control environment. Corruption is made possible through incentives and opportunities created by change that have unintentionally weakened the control environment.”

Recurring Themes and Issues



Organisational Restructure Impact

- Lengthy processes to implement structure and align roles – creating uncertainty and adding to perceptions of a North-South divide
- Teams split across different locations reducing manager visibility, direction and time available to address operational issues and compounding divergence of practices



Lack of Enterprise Risk Management

- Risk not driving strategic direction or operational or organisational priorities or deadlines
- Corporate risk appetite for different operations has not been established or communicated



Loss of Corporate Knowledge

- Staff turnover at many levels and potential burn out
- No corporate succession planning or knowledge transfer processes in place
- Information now being held across many different sources



Ongoing Uncertainty

- Dual systems/policies operating for many critical processes – presenting uncertainty and confusion for the community
- Temporary nature of organisational administration and leadership a significant distraction

2016/17: Challenges For IA

For 2016/17, IA had no formal work programme. The main focus for IA was on consultancy/advisory activities due to:



Scale of amalgamation activities and promise of process and system change through various transformation projects



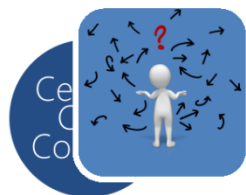
Organisational restructure and uncertainty of delegations, reporting lines, assigned responsibilities and staffing levels



Resourcing of IA at 1 FTE, due to maternity leave then resignation of Internal Auditor



Decommissioning of the two former Councils' Audit and Risk Committees upon amalgamation



Scale of inconsistency and divergence of systems and processes across two former Council entities for significant corporate and operational activities

2016/17 Community Concerns and Headlines

COASTAL CRISIS

Matt Taylor
Exclusive

THE Central Coast is in the grip of a coastal management "crisis" as exposed asbestos, major communication cables, dangerous rocks and vulnerable sand dunes on the region's beaches threaten lives and nearly \$1 billion worth of private and public assets.

Local Government Minister Gabrielle Upton has joined business leaders and frustrated residents in calling on Central Coast Council to "step up" before multi-million dollar beachfront houses collapse and the local tourism industry crashes.

Residents are still waiting for the council to clean up deadly asbestos debris and fix unstable sand dunes on Wamberal Beach more than a year after a super storm shredded the usually tranquil seaside suburb.



It comes on top of Ocean Beach "completely disappearing", exposing a communication cable which runs across to Sydney's northern beaches, and the council's lack of maintenance work on the coastline.

"We're absolutely at a crisis point," Peninsula Chamber of Commerce president Matthew Wales said. "If we don't fix Eritahone channel, Ocean Beach and the likes of Wamberal then we're going to lose millions of dollars to our local economy, businesses will go broke and residents are going to suffer."

Special report, pages 10-11

Secret report: Council told to sell Warnervale aerodrome

AIRPORT IN TAILSPIN

Matt Taylor

CENTRAL Coast Airport has become a "multi-million dollar millstone" for ratepayers as the council refuses to follow independent recommendations to sell the Warnervale land for industrial use.

A secret report has revealed the airport "will continue to be a financial liability" for council "until such time as the site is developed or disposed".

It shows the land was valued at \$13.75 million in 2012, meaning it could be worth close to \$20 million now based on the Valuer General's calculations. And it comes on the heels of the airport losing \$605,600 last year and \$200,000 the previous 12 months.

Full report, page 7



SUMMER PEST SPECIAL · COMPREHENSIVE PEST TREATMENT · COMBO SPECIAL

WE KNOW PESTS SO YOU DON'T HAVE TO...

Council silent as Chinese theme park payment deadline passes

DEAL OR NO DEAL

Matt Taylor

MYSTERY surrounds the much-lauded Chagoyan China Theme project at Warnervale amid questions over whether the project's backers were able to meet a revised \$3 million land-payment deadline last month.

Central Coast Council refused to reveal on Monday whether Australia China Theme Park Pty Ltd (ACTP) had finally stumped up the first payment for 15.7ha of Sparks Hill land after the initial \$10 million deal collapsed in December 2015.



Opponents say the council needs to come clean on the matter, because non-payment would spell the end of nearly five years of "empty promises" and make way for "real projects" instead of "facades".

Full report, page 9

Council to examine 2200km of roads to find worst streets

POTHOLE POLICE

Clare Graham

FRUSTRATED residents are being asked to become pothole police as Central Coast Council embarks on one of its biggest jobs to date - fixing up our road network.

In a first for the region, the council is set to take on the mammoth task of assessing more than 2200km of roads over coming months and it wants you to help identify the Coast's most pothole-ridden streets.

Potholes are one of the biggest sources of road rage from ratepayers with the council finally attempting to tackle a long backlog of ongoing works by undertaking the detailed study to help prioritise where the money should be spent.

The additional project will involve high definition video imagery to accurately measure road defects using advanced laser technology.

Full report, page 6



CHOKED

Shallow and narrow channel threatens to ground popular ferry service

Matt Taylor
Exclusive

A FERRY company is threatening to shut down its popular tourist and commuter service until fixes for dangerous safety after one of its vessels ran aground, three times over the past month in sand-choked Fitzroy channel near Iceberg.

The boss of Fitzroy Cruises has sent an \$10 to NSW Premier Gladys Berejiklian to get an urgent dredging of the channel -

which is only 10 wide and extremely shallow at low tide. The rocks - to open a safe passage to the Central Coast's turquoise waters which have become "legendary" for visitors.

The latest grounding came on Thursday, when distressed passengers on the limping Iceberg Beach ferry were forced to walk to the low as crews worked to free the multi-million-dollar vessel in a morning low tide.

The popular service carried more than 2000 passengers last year.

Full report, page 8

Exclusive: DA delays 'driving out' development

CITY STALLS

Denise Barnes

A PEAR development industry body has warned that delays in assessing development applications could be driving developers away from investing in Gosford.

Urban Development Institute Australia Central Coast chapter chairman Pauline Wright said DA processing delays in the south-east of the region could be driving

developers out of town. "Gosford is missing out on real opportunities for positive development and is languishing," Ms Wright said.

It is understood that the delays stem from a backlog of DAs before the former Gosford Council which was inherited by the new Central Coast Council in May.

Central Coast Council documents reveal that the former Gosford Council took more than twice as long as its Wyoong counterpart to process DAs.

It comes as Robertson federal Liberal MP Lucy Wicks has demanded an urgent update from Central Coast Council about progress on determining a site for the stalled \$82 million Gosford regional performing arts centre and conservatorium.

Full report, page 5



coast.r

2016/17 Community Concerns and Headlines

Revealed: 'Alarming' findings into Gosford Council finances

WHAT A MESS

Matt Taylor

AN epic financial mess left behind by the former Gosford Council has been referred to the state's corruption watchdog after independent auditors were unable to find tens of millions of dollars in "alarming" mismanagement stretching more than a decade.

A long-awaited report on Gosford's finances for 2015-16 shows an overvaluation of assets led to a massive writedown of \$1.39 billion — believed to be the largest ever for a council in Australia — as well as \$74 million of land assets not found, \$14 million missing from a library fund, and spending on roads, maintenance and services well short of

what was allocated. The shock findings — compiled over several months by PriceWaterhouseCoopers at a cost to ratepayers of \$147,000 — prompted Central Coast Council to immediately refer the matters to the Independent Commission Against Corruption. **Full report, page 9**



"I say throw the book at anyone who has done anything illegal or wrong."

From our Gladys Berry file on

FRIDAY MARCH 12, 2017 Central Coast | Gosford EXPRESADVOCATE.COM.AU

Express Advocate

news local

5-STAR CHIEF

Ratepayers billed for council boss' luxury living

COAST'S TOP GUN GROUNDED P3 • PUB'S MONKEY MAGIC P9

FRIDAY DECEMBER 2, 2016 Central Coast | Wyong EXPRESADVOCATE.COM.AU

Express Advocate

news local

DIGITAL DIVIDE

An audit of NBN customers across the Central Coast has uncovered a great digital divide - residents either love or loathe the controversial network.

Full report, page 7

COURT REPORT FEDERAL FIASCO

COASTNEWS

YOUR INDEPENDENT COMMUNITY NEWSPAPER

HOME CLASSIFIEDS SPORT EDUCATION HEALTH FORUM OUT & ABOUT ON THE BEAT

POPULAR TOPICS MAY 20, 2015 | SCHOOL RAISES \$4,000 FOR HEART FOUNDATION

HOME NEWS

Garbage Collectors Out On Strike Again

TOPICS: Garbage Strike



Central Coast garbage truck in action

NO VACANCY TOWN CRIES FOR HELP

Jewel in the Coast's tourism crown strangled by parking shortage

Matt Taylor

THERE are fears the jewel in the Central Coast's tourism crown will become a graveyard for businesses unless urgent measures are put in place to ease Tarrigal's chronic car parking shortage. Business owners, residents and tourists have called on Central Coast Council to come up with immediate and long-term plans to improve parking and traffic flow in the popular seaside village before it becomes a "ghost town" for small business — similar to the Gosford CBD crash in the late 1980s. The plan comes as new plans for an overhaul of the Church St car-park site have been sent to the council, with the development to replace all public parking spaces. "My biggest fear is that Tarrigal will go the same way Gosford did years ago," Dr David Latta, a long-time practitioner at Tarrigal Medical Centre, said. **Full report, page 6**



i.gc



Operational Risks & Opportunities Facing Council



The situations giving rise to the challenges experienced over the past 12 months will continue for some time, particularly with the continuation of the dual 'Head Office' arrangement across Gosford and Wyong, giving the impression of two distinct former entities rather than one combined entity

The newly elected Council and the eventual appointment of a permanent CEO are likely to bring a stronger focus on corporate governance and strategic direction, financial and environmental management and decision-making arrangements since amalgamation, helping to set a corporate agenda in line with the community strategic plan



The size, dispersal of sites and services and large customer base of the amalgamated Council increases the risk of the organisation being a target for various cyber threats that have the potential to go undetected in the first instance and significantly disrupt core operations

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Top 10 Emerging Corporate Risks For Council in 2017/18

Economy

- A weakening national economy may adversely impact local investment and add to (already higher than average) local unemployment levels, affecting community use of Council's discretionary services and ability to pay and leading to polarisation of sectors of the community

Regulation

- Regulatory changes increasing the need for Council to comply with new legislation or for Council to respond appropriately as the regulatory authority may lead to Council being unprepared or staff being insufficiently trained to meet the challenge resulting in Council's non-compliance or inconsistency of action taken by Council over non-compliance

Cyber-Threats

- Council may not be sufficiently prepared to manage cyber threats that have the potential to significantly disrupt core operations

Digital Disruption

- Council may not anticipate the challenges being brought about through digital disruption impeding Council's ability to operate and deliver services efficiently and effectively or to meet the changing needs of the community

Privacy & Info Security

- Privacy/identity management and information security/system protection may be considered as IT issue only rather than an organisational issue leading to a system solution approach that neglects the people solutions, such as training, communication and awareness

Taken and adapted for Council from Protiviti's "Executive Perspectives on Top Risks for 2017"

Top 10 Emerging Corporate Risks For Council in 2017/18

Succession Planning & Talent

- Weak succession planning, failure to capture corporate knowledge from departing staff and the limitations of traditional employee offerings leading to reduced capacity to recruit and retain the appropriate talent and visionaries needed to provide Council with the strategic direction and advice that anticipates and meets the future needs of the Community whilst ensuring that current services are delivered efficiently and effectively

Global Volatility

- Volatility in global financial markets, along with political and religious instability across the world and increased subliminal online content bias may lead to social unrest at a local level and anti-social behaviours and related crimes arising from differences in political and religious ideologies and the increased normalisation of more extreme views

Organisational Culture

- Organisational culture may not sufficiently encourage the timely identification and escalation of risks that have the potential to impact on operations and achievement of objectives

Change Fatigue

- Resistance to change may restrict Council from making the necessary adjustments to its service delivery model, resourcing and core operations or understanding shifting community expectations

Customer Service

- Sustaining adequate levels of customer service may be increasingly difficult due to evolving customer preferences and demographic shifts in the community base going unrecognised

Taken and adapted for Council from Protiviti's "Executive Perspectives on Top Risks for 2017"

NSW Premier's Priorities

1. Creating jobs – 150,000 new jobs by 2019



2. Delivering infrastructure - key metropolitan, regional and local infrastructure projects to be delivered on time and on budget

3. Driving public sector diversity - increase the number of women and Aboriginal and Torres Strait Islander people in senior leadership roles by 2025



4. Improving education results - increase the proportion of NSW students in the top two NAPLAN bands by eight per cent by 2019



NSW Premier's Priorities

5. Improving government services - improve customer satisfaction with key government services every year, this term of government to 2019



6. Improving service levels in hospitals - 81 per cent of patients through emergency departments within four hours by 2019



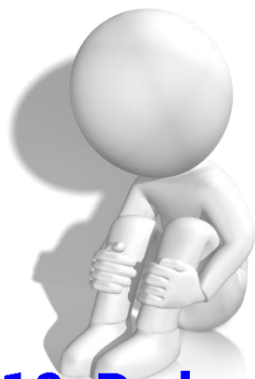
7. Keeping our environment clean - reduce the volume of litter by 40 per cent, by 2020



8. Making housing more affordable - deliver 61,000 housing completions on average per year to 2021

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NSW Premier's Priorities



9. Protecting our kids - decrease the percentage of children and young people re-reported at risk of significant harm by 15 per cent by 2019

10. Reducing domestic violence - reduce the proportion of domestic violence perpetrators reoffending by 25 per cent by 2019



11. Reducing youth homelessness - increase the proportion of young people who successfully move from Specialist Homelessness Services to long-term accommodation to more than 34 per cent by 2019

12. Tackling childhood obesity - reduce overweight and obesity rates of children by five percentage points by 2025



Conclusions

- ✓ The NSW Premier's Priorities acutely reflect many of the significant issues and challenges facing the Central Coast community
- ✓ Early indications from Community Engagement work being undertaken to build the Community Strategic Plan also reflect concerns around many of the same issues
- ✓ Council has an opportunity to work with State and Federal Government as well as local community groups to identify and implement measures to address these issues in a co-ordinated and innovative way
- ✓ Opportunities exist for Council to lead the way and align strategic priorities with these areas of community concern
- ✓ Climate change or significant weather events, regardless of how the cause is perceived, does not appear on the Protiviti Executive risk profile but is a significant issue for the Central Coast given the waterways and coastline and impact of natural erosion, water supply needs for an increasing population and extensive bushland in the region
- ✓ Likewise, NBN connectivity and speed of access is an issue that can influence how attractive the region is to investors, new businesses and residents and should also form part of the strategic risk considerations
- ✓ If the 'big ticket' items and corporate risks are not managed adequately, then the economic and social return for Council will be diminished
- ✓ The information in this report should help inform the Audit, Risk and Improvement Committee to determine what information they require to meet their Charter responsibilities as defined under Part 4A of the *Local Government Act, 1993*, in particular the statutory obligation to keep under review: risk management; governance; implementation of the strategic plan, delivery program and strategies; and collection of performance measurement data



Item No: 4.3
Title: Dates for ARIC meetings in 2018
Department: Governance

19 December 2017 Audit Risk and Improvement Committee Meeting

Trim Reference: F2017/00092 - D12906196

Author: Meg Newington, Senior Governance Officer

Manager: James Taylor, Section Manager, Governance

Executive: James Taylor, Section Manager, Governance

Report Purpose

To set dates for future Audit Risk and Improvement Committee meetings in 2018 pursuant to Clause 6.1 of the Audit Risk and Improvement Committee Charter.

RECOMMENDATION

That the Committee set Dates for ARIC meetings in 2018.

Attachments

Nil.