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## Central Coast Council

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

Held via Zoom on 17 June 2020 commencing at 2.06pm

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#### **Present**

Dr Colin Gellatly  
John Gordon  
Carl Millington  
Councillor Jane Smith

#### **Apologies**

Councillor Jeff Sundstrom

#### **In Attendance**

Gary Murphy	Chief Executive Officer
Boris Bolgoff	Director Roads, Transport, Drainage and Waste
Krystie Bryant	Executive Manager People and Culture
Mark Margin	Acting Chief Information Officer (joined 3.26pm, left 3.45pm)
Carlton Oldfield	Acting Chief Financial Officer
Emma Roberts	General Counsel (joined 3.13pm, left 3.29pm)
Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman (joined 2.57pm, left 3.25pm)
Michael Ross	Unit Manager Strategic Procurement (joined 4.37pm, left 4.45pm)
Shane Sullivan	Unit Manager Governance and Business Services
Jade Maskiewicz	Assistant Internal Ombudsman
James Taylor	Section Manager Governance
Kelly Drover	Advisory Group Support Officer
Cassie Malone	Audit Office of NSW
David Daniels	Audit Office of NSW
Penny Corkill	Account Manager, Centium, IA Co-Sourced Partner
Danielle Franjic	Grant Thornton (joined meeting 3.45pm, left 4.35pm)
Michael Kazzi	Grant Thornton (joined meeting 3.45pm, left 4.35pm)

**Welcome, Acknowledgement of Country and Apologies**

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Gary Murphy, Chief Executive Officer (CEO) opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

Apologies Received: Councillor Jeff Sundstrom

**1 APPOINTMENT AND ELECTION OF ARIC CHAIR**

**1.1 Reappointment of ARIC External Independent Members and new Councillors**

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The CEO advised of the appointment of two new Councillor representatives on the Committee, Councillor Jane Smith and Councillor Jeff Sundstrom, along with the resolution of Council from the 27 April 2020 Ordinary Meeting to reappoint the three Independent Members, Colin Gellatly for one year, John Gordon for two years and Carl Millington for three years.

**1.2 Election of Audit, Risk and Improvement Committee Chairperson**

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The CEO handed over to James Taylor to act as Returning Officer for the Election of the Chairperson.

Nominations from the three Independent External Members were called. One nomination was received for Colin Gellatly and he was duly elected Chairperson.

**Resolution**

***64/2020(ARIC) That the Committee resolve to appoint Colin Gellatly as Chairperson of the Committee for the period of his reappointment, ceasing on 27 April 2021.***

***65/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

**2 INTRODUCTION**

**2.2 Disclosures of Interest**

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**Resolution**

***66/2020(ARIC) That the Committee receive the report on Disclosures of Interest noting that there were no Disclosures of Interest.***

***67/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any***

*listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **2.3 Confirmation of Minutes of Previous Meeting**

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#### **Resolution**

**68/2020(ARIC)** *That the Committee confirm the minutes of the previous meeting held on 17 March 2020 noting that they were reported to Council on Monday 11 May 2020.*

**69/2020(ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **2.4 Outstanding Action Items**

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#### **Resolution**

**70/2020(ARIC)** *That the Committee notes the report.*

**71/2020(ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

## **3 INTERNAL AUDIT**

### **3.1 CIA Quarterly Progress Report**

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#### **Resolution**

**72/2020(ARIC)** *That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.*

**73/2020(ARIC)** *That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

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

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#### **Resolution**

**74/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on the implementation of management actions arising from IA reviews.**

**75/2020(ARIC) That the Audit, Risk and Improvement Committee support a process to require management to submit a remediation project plan along with management responses to IA reports, to indicate how the identified issues will be addressed, in what timeframe and how this will be managed in line with the operational activities of the unit.**

**76/2020(ARIC) That the Audit, Risk and Improvement Committee hold an In-Camera meeting with the Chief Executive Officer to discuss Management Actions.**

**77/2020(ARIC) That the Committee recommend that:**

- a. this report and Appendices 1 be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**
- b. pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to Appendices 2 and 3 to this report and not release them to the public for the reasons that they contain information that could compromise the "security of Council, Council Officials and Council property".**

### **3.3 IA Balanced Scorecard Measures Cover Report**

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#### **Resolution**

**78/2020(ARIC) That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.**

**79/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

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

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#### **Resolution**

**80/2020(ARIC) That the Audit, Risk and Improvement Committee approve the IA Four Year Work Programme and 2020/21 Operational Plan, in accordance with section 39 of their Charter. Approval of the IT General Control Validation Review (scheduled for Feb-Mar 2021) is subject to the work being conducted by the NSW Audit Office and further discussions between the Chief Internal Auditor and NSW Audit Office.**

**81/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

### **3.5 Resourcing of the Internal Audit Function**

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#### **Resolution**

**82/2020(ARIC) That the Audit, Risk and Improvement Committee receive this report on Internal Audit resourcing.**

**83/2020(ARIC) That the Committee note the resourcing options provided and consider Option 2 as preferable, however noting it is a matter for the Chief Executive Officer to determine.**

**84/2020(ARIC) That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

**85/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the supporting paper to this report and recommend that the supporting paper not be release to the public for the reasons that they contain information that contains personal information relating to salaries and costs for particular roles/officers.**

## **4 EXTERNAL AUDIT**

### **4.1 Review by External Consultant on Holiday Parks**

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#### **Resolution**

**86/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on Holiday Parks by external consultant.**

**87/2020(ARIC) That the Committee request an update in 12 months' time on the implementation of the 14 recommendations supported by staff.**

**88/2020(ARIC) That the Committee request outcomes for actions be included in the internal audit and external audit actions.**

**89/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the reasons that it contains Commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of Council.**

#### **4.2 Audit Office 2020 Annual Engagement Plan (AEP) (Confidential Item)**

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David Daniels from the NSW Audit Office provided the Committee with an update on the progress of the Audit.

##### **Resolution**

**90/2020(ARIC) That the Committee note the NSW Audit Office 2020 Annual Engagement Plan (AEP).**

**91/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the following reasons:**

- a as they contain information about matters affecting the security of Council, Council Officials and/or Council property; and**
- b as on balance it would not be in the public interest to make this information available as Council does not disclose to the public any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.**

## **5 GOVERNANCE**

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

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Shane Sullivan and James Taylor left the meeting and were not present for this item.

##### **Resolution**

**92/2020(ARIC) That the Committee receive the report on Report from the Office of the Internal Ombudsman.**

**93/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the reasons that the report contains personal information that could compromise the security of Council, its officers and its property.**

## **5.2 Update on Internal Ombudsman IT Investigation Recommendations**

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### **Resolution**

**94/2020(ARIC) That the Committee receive the 'Update on Internal Ombudsman IT Investigation Recommendations' report.**

**95/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information that could compromise the security of Council, its officers and its property.**

## **5.3 Audit, Risk and Improvement Committee Charter Update**

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### **Resolution**

**96/2020(ARIC) That the Audit, Risk and Improvement Committee approve the revised ARIC Charter.**

**97/2020(ARIC) That the Committee make a recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

## **5.4 Review of Actions - Council resolution**

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### **Resolution**

**98/2020(ARIC) That the Committee note the actions taken in response to the Council resolution of 28 October 2019 and that a further report is to be provided to Council.**

**99/2020(ARIC) That the Committee recommends that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

## **5.5 Governance and Risk activities update**

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### **Resolution**

**100/2020(ARIC) That the Committee note the report of Governance and Risk activities.**

**101/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information about matters affecting the security of Council, Council Officials and/or Council property.**

## **5.6 OLG draft Risk Management and Internal Audit Framework for Local Councils**

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### **Resolution**

**102/2020(ARIC) That the Committee note the assessment of Council's status against the Office of Local Government's draft Risk Management and Internal Audit Framework for Local Councils.**

**103/2020(ARIC) That the Committee note that representatives from the Office of Local Government will be attending a Councillor Briefing on Monday 29 June 2020 at 4.30pm to which the Committee members are also invited.**

**104/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information about matters affecting the security of Council, Council Officials and/or Council property.**

## **5.7 COVID-19 Council Actions**

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### **Resolution**

**105/2020(ARIC) That the Committee note the report.**

**106/2020(ARIC) That the Committee recommends that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**



## **5.8 Self-Assessment Survey Action Plan**

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### **Resolution**

**107/2020(ARIC) That the Committee receive this report and endorse the draft Action Plan.**

**108/2020(ARIC) That the Committee recommends that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

## **5.9 Update on Legal Matters (Confidential Item)**

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### **Resolution**

**109/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on Update on Legal Matters.**

**110/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be release to the public as:**

- a they may contain confidential advice or confidential communications concerning litigation or legal matters that may otherwise be privileged from production on the grounds of legal professional privilege.**
- b further, on balance, it would not be in the public interest to make this information available as it may compromise Council's ability to ensure the optimum outcome for the community.**

## **6 IM&T**

### **6.1 Update from IM&T on Integration of Core Systems**

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Mark Margin (Acting Chief Information Officer) provided the Committee with an update on the integration of core systems.

### **6.2 Cyber Security Update**

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#### **Resolution**

**111/2020(ARIC) That the Committee receive the report on Council's Cyber Security.**

**112/2020(ARIC) That an update on Project Red be provided at the next Audit, Risk and Improvement Committee Meeting.**

**113/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be release to the public as they contain information about matters affecting the security of Council, Council Officials and/or Council property.**

## **7 FINANCE**

### **7.1 Presentation by Grant Thornton: Financial Planning after COVID-19**

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Danielle Franjic (Senior Manager) and Michael Kazzi (Consultant) from Grant Thornton Australia provided the Committee with a confidential presentation on Financial Planning after COVID-19.

Councillor Smith abstained from voting on this item.

#### **Resolution**

**114/2020(ARIC) That the Audit, Risk and Improvement Committee:**

- a. endorses the fact that the process has been undertaken by Council;**
- b. notes the thoroughness in which it has been prepared; and**
- c. recommends that there be a feedback loop within the process so the progress can be tracked.**

### **7.2 Audit Office Final Management Letter for Year Ended 30 June 2019**

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#### **Resolution**

**115/2020(ARIC) That the Committee note the Final Management Letter for Year Ended 30 June 2019.**

**116/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be released to the public as:**

- a they contain information about matters affecting the security of Council, Council Officials and/or Council property; and**

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

### **7.3 Finance Update April 2020**

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#### **Resolution**

***117/2020(ARIC) That Council receive the report on Finance Update April 2020.***

***118/2020(ARIC) That the Committee recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

## **8 GENERAL BUSINESS**

### **8.1 Contingent Workforce Engagement Report**

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#### **Resolution**

***119/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report regarding Contingent Workforce Engagement.***

***120/2020(ARIC) That the Committee requests an update on the Contingent Workforce Engagement to the next ARIC meeting.***

***121/2020(ARIC) That the Committee request further clarification regarding the Body Hire Arrangements in the Former Wyong Shire Council.***

***122/2020(ARIC) That the Committee recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

### **8.2 Performance Improvement Order**

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Councillor Smith raised the matter of correspondence received from the Planning Secretary (DPIE) indicating that a Performance Improvement Order could be issued by the Department if certain criteria were not met. Councillor Smith queried whether this should be something that the *Audit, Risk and Improvement Committee* should consider.

#### **Resolution**

***123/2020(ARIC) That the Audit, Risk and Improvement Committee recommend advice be sought from Councils' Legal Team about the contents of the letter.***

### **8.3 Project Update**

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The CEO provided a brief update on the Regional Library project and the Mardi to Warnervale Pipeline project.

#### **Resolution**

***124/2020(ARIC) That the Committee request an update be provided at the next meeting on the Regional Library Project and the Mardi to Warnervale Pipeline project.***

***125/2020(ARIC) That the Committee request an update be provided at the next meeting on IPART's recent announcements on Sydney Water and Hunter Water and what this means for future determinations.***

### **8.3 Timing of Meetings**

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The matter of moving meetings to mornings on a Tuesday or Wednesday was discussed.

Staff will investigate options for a Wednesday morning meeting in October and communicate back to the Committee.

**The Meeting** closed at 4.55 PM.

**Next Meeting:** October 2020  
Time and Location TBC