



Central Coast Council

Minutes of the **AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING**

Held in the Committee Room, 2 Hely Street, Wyong
on 04 December 2019 at 2pm

Present

Dr Colin Gellatly (Chairperson)
John Gordon
Carl Millington
Councillor Louise Greenaway
Councillor Doug Vincent

In Attendance

Gary Murphy	Chief Executive Officer
Craig Norman	Chief Financial Officer (left 4.30pm)
Dr Liz Develin	Director Governance
Julie Vaughan	Director Connected Communities (arrived 3.47pm, left 3.56pm)
Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman (arrived 3.02pm, left 3.24pm)
Gordon Plath	General Counsel (arrived 2.58pm, left 3.09pm)
Martin Elwell	Unit Manager IM&T Assure (arrived 3.34pm, left 3.47pm) – on behalf of Peter Auhl – Chief Information Officer
Sue Ledingham	Unit Manager Community Engagement (arrived 3.47pm, left 3.56pm)
Shane Sullivan	Unit Manager Governance and Business Services
Karen Tucker	Unit Manager Strategic Planning (arrived 2.38pm, left 2.47pm)
Gary Hamer	Section Manager Urban Planning and Development (arrived 2.38pm, left 2.47pm)
James Taylor	Section Manager Governance
Jo Doheny	Senior Strategic Contributions Planner arrived 2.38pm, left 2.47pm)
Ellen Suarez	Customer Experience Coordinator (arrived 3.47pm, left 3.56pm)
Donna Payne	Advisory Group Support Officer
Zoie Magann	Advisory Group Support Officer
Cassie Malone	Audit Office of NSW
Penny Corkill	Centium

1 INTRODUCTION

1.1 Welcome, Acknowledgement of Country and Apologies

The Chairperson, Colin Gellatly, completed an Acknowledgement of Country.

Apologies Received: Aaron Green – NSW Audit Office, Peter Auhl – Chief Information Officer

1.2 Disclosures of Interest

Resolution

- 1 That the Committee receive the report on Disclosures of Interest noting that there were no Disclosures of Interest.**
- 2 That the Committee recommends that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.3 Confirmation of Minutes of Previous Meetings

Resolution

- 1 That the minutes of the Audit, Risk and Improvement Committee meeting held on 1 October 2019 be confirmed.**
- 2 That the Committee recommends that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.4 Outstanding Action Items

Resolution

- 1 That the Committee notes the report.**
- 2 That the Outstanding Action Items report be updated for future meetings with the following colour coding to identify the status:**
 - a. green = complete items;**
 - b. orange = on agenda for current meeting; and**
 - c. white = still pending.**
- 3 That the Committee recommends that the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

2 INTERNAL AUDIT

2.1 Co-Source Partner Presentation

Penny Corkill (Centium) addressed the Committee and provided a verbal update on the Co-Source Model.

Resolution

That the Committee note the verbal update provided from the Co-Source Partner.

2.2 Chief Internal Auditor's Quarterly Progress Report

Resolution

- 1 That the Committee receive the Chief Internal Auditor's Quarterly Progress Report.**
- 2 That the Chief Internal Auditor consider amending the process for closing agreed audit actions so that actions can only be completed with sign off by a member of the Executive Leadership Team.**
- 3 That the Committee recommends pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter, a 'confidential' privacy marking be assigned to this report for the reason it contains summary information of final audit reports which refer to control weaknesses and risk exposures that could compromise the "security of Council, Council Officials and Council property"**

2.3 Implementation of Management Actions Arising From IA Reviews

Resolution

- 1 That the Committee receive the report on the implementation of management actions arising from IA reviews.**
- 2 That the Chief Internal Auditor circulate the feedback from External Auditor regarding the implementation of management actions and that this be included in future reports as a separate table.**
- 3 That the Chief Internal Auditor include risk classifications including colour coding in the tables for the Implementation of Management Actions.**
- 4 That the Chief Internal Auditor include a timeline of upcoming management actions due in the next quarter, and that this also be considered as a process for the Senior Internal Ombudsman.**
- 5 That the Chief Internal Auditor bring the Service Level Standard back to the next meeting.**

- 6 That the Committee recommends pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter, a 'confidential' privacy marking be assigned to Appendix 1 to this report for the reasons that it contains information that could compromise the "security of Council, Council Officials and Council property".**

2.4 Internal Audit Four Year Audit Schedule and Work Programme

Resolution

- 1 That the Audit, Risk and Improvement Committee approve the proposed IA schedule of work and longer term work programme in accordance with section 4.5 of their Charter.**
- 2 That the IA Schedule of Work be publicly released with the dates excluded and a caveat that it is a draft programme and subject to change at the discretion of Council.**
- 3 That the Chief Internal Auditor brings forward the proposed Fraud and Corruption Risk Assessment in the Audit program.**
- 4 That the Chief Internal Auditor include in the programme a follow up of completed recommendations.**
- 5 That the Chief Internal Auditor includes an indication of staff hours required for each review identified in the Audit Schedule and Work Program.**
- 6 That the Committee recommends that this report and the supporting papers (subject to number 2 above) be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

3 EXTERNAL AUDIT

3.1 Performance Audit - Governance and Internal Controls over Local Infrastructure Contributions

Resolution

- 1 That the Committee note the contents of this report for information purposes.**
- 2 That the supporting papers to this Report not be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter as it contains advice concerning litigation, or advice that would otherwise be privileged from production.**

4 RISK MANAGEMENT

4.1 Update on Enterprise Risk Management Framework

Resolution

- 1 That the Audit, Risk and Improvement Committee receive this report about the Enterprise Risk Management Framework.**
- 2 That the Audit, Risk and Improvement Committee agree with Council seeking the support of external experts to assist with a process to:**
 - examine each risk reported, and ensure it is appropriately described and categorised;**
 - run sessions with Directorates to clarify their risks and identify any missing based on experience with risk registers in similar organisations;**
 - assist with upskilling existing staff in working with the ERMF.**
- 3 That the Committee recommends that the supporting papers to this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

4.2 Combustible Cladding

Resolution

- 1 That the Committee receive the report on Combustible Cladding**
- 2 That the Director Environment and Planning clarify if the report addresses buildings over 8 levels high, prior to the report being released publicly.**
- 3 That following determination of 2 above, the Committee recommends that the supporting papers to this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

5 IMPROVEMENTS

5.1 Dashboard – Collection of Performance Measurement Data by the Council

Resolution

- 1 That the Audit, Risk and Improvement Committee note the provided presentation on the development of Council's Dashboard and provide feedback and input for possible indicators.**
- 2 That the Committee members provide feedback on the draft Dashboard for consideration by staff before the Christmas shutdown period.**

- 3 That the supporting papers to this Report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.***

6 GOVERNANCE

6.1 General Observations on best practice

This item was addressed as part of Item 6.5.

Lilly Mojsin (Senior Internal Ombudsman) noted an Internal Ombudsman's Charter is being drafted, which will come back to the Committee for review prior to going to Council.

Resolution

That the draft Charter on best practice come back to the Committee for review prior to going to Council.

6.2 ICAC / Code of Conduct

Lilly Mojsin (Senior Internal Ombudsman) addressed the Committee regarding updates on ICAC and Code of Conduct, and provided some key figures.

Resolution

- 1 That the Committee note the verbal update provided by the Senior Internal Ombudsman regarding Code of Conduct and ICAC referrals.***
- 2 That the Senior Internal Ombudsman bring reports on record keeping and procurement of contractors back to the Committee, noting they are key areas of concern.***

6.3 Update on Legal Matters - CONFIDENTIAL REPORT

This item was brought forward to follow Item 5.3

Resolution

- 1 That the Audit, Risk and Improvement Committee receive the report on Update on Legal Matters.***
- 2 That the Committee note their concerns regarding the financial implications of legal proceedings.***
- 3 That the Committee recommends that pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter this report and supporting papers not be made publicly available and be kept confidential as these documents:***

- a. *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.*

6.4 Revised Charter for Audit Risk and Improvement Committee

Resolution

- 1** *That the Committee endorse the revised Audit, Risk and Improvement Committee Charter at Attachment 1 with minor administrative adjustments, to then be reported to Council for determination at an Open Council Meeting, noting the Office of Local Government Model Charter for Audit, Risk and Improvement Committees is yet to be adopted.*
- 2** *That the three Independent External Members inform the Chief Executive Officer in writing of their intention or otherwise to seek reappointment to the Committee by 23 December 2019.*
- 3** *That the Committee recommends that this report be made publicly available pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.*

6.5 Integrity and Ethical Standards Unit Update

Resolution

- 1** *That the Committee note the Integrity and Ethical Standards Unit update and associated actions.*
- 2** *That a report be provided to the ARIC meeting to be held on 17 June 2020 reviewing the activities undertaken and how they deliver the desired outcomes noting this will be reported to Council for consideration.*
- 3** *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 6.4 of the Audit, Risk and Improvement Committee Charter.*

6.6 Business Continuity Management Update

Resolution

- 1** *That the Audit, Risk and Improvement Committee receive the report on Business Continuity Management.*

- 2 That this report and supporting papers be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

6.7 Report on Council's draft Data Breach Policy and Procedures

Resolution

- 1 That the Committee receive the report on the Draft Data Breach Policy and Procedures and provide feedback prior to finalisation.**
- 2 That staff review the Camden and Georges River Council Data Breach Policy and Procedures for consideration, particularly the Executive Summary, and bring a revised draft back to the next Ordinary ARIC Meeting.**
- 3 That the Committee recommends that this report and supporting papers be made publicly available pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

7 IM&T

7.1 IM&T Report

This item was deferred to the next Ordinary ARIC Meeting as requested by the Chief Information Officer.

Martin Elwell (Unit Manager IMT Assure) provided a brief update, noting there have been no significant IM&T security incidents recently.

Resolution

That John Gordon provide details to the Chief Information Officer regarding the Council which undertook an IM&T risk assessment for consideration.

7.2 Feedback on Management Actions identified in the ITGC Management Letter

Martin Elwell (Unit Manager IMT Assure) provided verbal feedback on the management actions identified in the Information Technology General Controls (ITGC) Management Letter, which was received by the Audit, Risk and Improvement Committee at the 1 October 2019 meeting.

Resolution

That the Committee note the verbal update provided by the Unit Manager IMT Assure.

8 CONNECTED COMMUNITIES

8.1 Complaints and Compliments Report - Q1 2019-20

Resolution

- 1 That the Committee receive the report on Complaints and Compliments Report – Q1 2019-20.**
- 2 That a further report on internal complaints be brought back to the Committee, including a flow chart on the complaint process.**
- 3 That the Committee recommends that this report and the supporting papers to this Report not be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

8.2 Customer Experience Survey Results

Resolution

- 1 That the Committee receive the report on Customer Experience Survey Results.**
- 2 That the Committee recommends that this report and the supporting papers to this Report not be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

9 FINANCE

9.1 Policy for Investment Management - ESG Investments

Resolution

- 1 That the Committees recommends ESG Investments be considered suitable investments if they meet the requirements under the Policy for Investment Management.**
- 2 That the Committee recommends that this report and supporting paper be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

9.2 Update on Financial Audit

Craig Norman (Chief Financial Officer) and Cassie Malone (NSW Audit Office) provided a verbal update on the Financial Audit.

It was noted the extraordinary meeting to review the draft Financial Statements for 2018-19 has been scheduled for Thursday 20 February 2020.

Resolution

That the Committee notes the verbal update on the status of the delayed report on the draft Financial Statements for 2018-19.

10 GENERAL BUSINESS

10.1 Dates for 2020 Audit, Risk and Improvement Committee (ARIC) meetings

Resolution

- 1 That the Committee set the dates Dates for 2020 Audit, Risk and Improvement Committee (ARIC) meetings as set out in this report.***
- 2 That the Committee recommends that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.***

10.2 Local Organisation Constitution Changes

Concerns were raised with the Committee about a local organisation of which Council was a founding member, however due to changes in the organisation's constitution Council is no longer involved in the Board.

Resolution

That a report on the timeline of the organisation's constitution changes and implications of those changes for Council come back to the Committee for their information at the next ordinary meeting.

Next Meetings: Extraordinary Meeting to review Financial Statements
Thursday 20 February 2020
2pm – 5pm
Gosford Committee Room

Ordinary Meeting
Tuesday 17 March 2020
2pm – 5pm
Wyong Committee Room

The Meeting closed at 4.38pm.