



Central Coast Council

Audit, Risk and Improvement  
Committee Meeting

Held Online via Teams / Wyong Committee Room

9 March 2022

## MINUTES

---

### Present

Carl Millington (Chairperson)  
Arthur Butler  
John Gordon  
Rik Hart

Independent member  
Independent member  
Independent member  
Administrator

### In Attendance

David Farmer  
Natalia Cowley  
Lilly Mojsin  
Jade Maskiewicz  
Jamie Beal  
Krystie Bryant  
Edward Hock  
Stephen Bignill  
Rachel Callachor  
Kelly Drover  
David Daniels  
Cassie Malone  
Penelope Corkill

Chief Executive Officer  
Director Corporate Affairs and Chief Financial Officer  
Senior Internal Ombudsman  
Assistant Internal Ombudsman  
Unit Manager Information and Technology  
Unit Manager People and Culture  
Unit Manager Governance, Risk and Legal  
Enterprise Risk Manager  
Meeting Support Officer  
Meeting Support Officer  
Audit Office of NSW  
Audit Office of NSW  
Account Manager, Centium, IA Partner

## **1 INTRODUCTION**

### **Welcome, Acknowledgement of Country and Apologies**

The Chairperson, Carl Millington, opened the meeting at 2:03pm, welcomed attendees and completed an Acknowledgement of Country.

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

Apologies received:

Boris Bolgoff, Director Infrastructure Services

Jamie Loader, Director Water and Sewer

### **1.2 Disclosures of Interest**

---

#### **Resolution**

1/2022(ARIC) *The Committee noted the standing declarations of current Committee members outlined in the report.*

2/2022(ARIC) *The Committee recommended that this report be made publicly available as the nature or content of the report do not fall within any listed exceptions pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **1.3 Confirmation of Minutes of Previous Meeting**

---

The Chair thanked Meeting Support Staff for the quality of the minutes which provide more context and information around discussions held.

#### **Resolution**

3/2022(ARIC) *The Committee confirmed the minutes of the previous meeting held on 7 December 2021.*

4/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

#### **1.4 Outstanding Action Items**

---

The Committee requested clarification on two action items where no status update had been provided. 60/2021 in regard to the cyber security audit. Staff advised that the audit is currently underway. 107/2021 in regard to Issue 2 – Framework and documentation outlining the Council’s understanding of restrictions. The 2021 Auditor Closing Report Matters which addresses this was circulated to Committee Members prior to the meeting and will be discussed further in agenda item 2.2.

The Committee thanked staff for their efforts in ensuring action items are being completed.

#### **Resolution**

5/2022(ARIC) *The Committee noted the report on Outstanding Action Items.*

6/2022(ARIC) *The Committee recommended that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

#### **1.5 Council's current status**

---

David Farmer, Chief Executive Officer provided the Committee with an update on Council’s current status including the following key areas of focus:

- Continued recovery of Council’s financial position
- The major income pieces of the SRV and water and sewer charges
- Focus on what is happening with return of Councillors

The CEO also provided an update on the recent adverse weather conditions and the effect on the community and the organisation.

The Committee discussed the staff survey conducted in November 2021 and the morale of staff given the significant changes in the organisation. A further survey will be conducted in the next few months.

#### **Resolution**

7/2022(ARIC) *The Committee noted the verbal update on Council’s current status provided by the Chief Executive Officer.*

## **2 FINANCE**

### **2.1 General Finance Update**

---

Natalia Cowley, Director Corporate Affairs and Chief Financial Officer advised that financially the organisation is doing well and continuing to deliver surpluses and improve on targets.

The special rate variation has impacted some community members with up to 42-50% increases on their rates due to harmonisation and it has been pleasing that up until January 2022 our recoverability has been better than the previous 2 years for the same period of time.

In the IT space Council has renegotiated deals associated with systems as well as aligning and streamlining 3 providers into 2, delivering up to \$800,000 in annual savings as a result.

With regard to Investments, Council has been able to maintain the positive movement whereby our unrestricted funds available in the general fund are able to completely offset the unrestricted deficits in the water fund and the drainage fund.

### **Resolution**

8/2022(ARIC) *The Committee noted the General Finance Update report including the monthly financial report, Q2 Business Report and the Investment Report for January 2022.*

9/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Jamie Beal joined the meeting for items 2.2 and 3.2 and left at the conclusion of these items.

### **2.2 Financial Statements for the period 1 July 2020 to 30 June 2021, including audit reports**

---

*It was agreed that agenda item 5.1 would be considered as part of agenda item 2.2.*

The Committee discussed the FY2020-2021 Auditor Closing Report Matters that was circulated to Committee members prior to the meeting. There were many lessons, improvements and opportunities that Council will work closely on with the NSW Audit Office.

In regard to the Financial statement preparation and review process and Reconciliation of key accounts and sub ledgers, Council has made a commitment to present the initial draft to the Audit Office in accordance with their timeline. The Chair noted the need for Council to elaborate on its commitment by developing a staged plan and process that will ensure the timeframes are able to be met.

The Committee discussed the three key roles in Finance that are vacant and the creation of a Senior Reconciliation Manager role that will assist with these deliverables.

It was acknowledged that there needs to be clear expectations between Council and the NSW Audit Office in regard to engagement information requests and ensuring prioritisation of issues.

**Resolution**

10/2022(ARIC) *The Committee noted the report on the Financial Statements for the period 1 July 2020 to 30 June 2021, including audit reports and the Auditor Closing Report matters.*

11/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**2.3 Council's Asset Sales Program**

---

Natalia Cowley, Director Corporate Affairs and Chief Financial Officer advised that as at 9 March 2022 Council has secured \$54.7million in property asset sales with valuation of those items at \$42.6million, noting that assets such as the Gosford Administration Building are yet to be valued in preparation for sale.

**Resolution**

12/2022(ARIC) *The Committee noted the report on Council's Asset Sales Program.*

13/2022(ARIC) *The Committee recommended that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**3 RISK MANAGEMENT**

Stephen Bignill joined the meeting for item 3.1 and left at the conclusion of this item.

**3.1 Enterprise Risk Management Report - February 2022**

---

**Resolution**

14/2022(ARIC) *The Committee noted the Enterprise Risk Management Report - February 2022.*

15/2022(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains matters affecting the security of Council, Council Officials and Council property.*

**3.2 IT Update**

---

Jamie Beal (Unit Manager Information and Technology) provided the Committee with a presentation on the following key items:

- Significant cyber events

- Phishing attack review
- Business Continuity Plan/IT Disaster Recovery Plan

It was suggested that Council liaise with the Harin Perera, Group Manager ICT at Inner West Council regarding service organisation control reviews and independent auditor reports of those reviews (GS007 report).

The Committee suggested that statistics on phishing attacks be communicated to staff to help increase awareness.

### **Resolution**

*16/2022(ARIC) The Committee noted the IT Update March 2022 report and presentation provided by Unit Manager Information and Technology.*

*17/2022(ARIC) The Committee recommended that this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk, and Improvement Committee Charter as it contains matters that may affect the security of Council, Council Officials and Council property.*

The Chair adjourned the meeting at 4:17pm following completion of Item 3.2, resuming at 4:22pm.

## **4 INTERNAL AUDIT**

### **4.1 Draft Internal Audit Plan**

---

Edward Hock, Unit Manager Governance Risk and Legal and Penelope Corkill, Centium Director Risk and Assurance provided the Committee with an update on the Internal Audit work plan that had been developed without input from the Enterprise Risk Manager which has led to a plan that does not appropriately reflect the needs of the organisation.

The Committee discussed workforce and succession planning, which is considered high risk, and implementing mitigating measures and ensuring Council is capable of having those measures in place that withstand the external forces that are beyond our control.

A transition to the alternative proposed plan has been developed with Centium and the Enterprise Risk Manager to address those risks that the organisation seeks assurances on.

The Committee suggested that Council consider a fraud and corruption diagnostic review.

### **Resolution**

*18/2022(ARIC) The Committee noted the verbal update provided by the Unit Manager Governance Risk and Legal and Centium Director Risk and Assurance on the Draft Internal Audit Plan.*

#### **4.2 Update on Internal Audit function and activities - CONFIDENTIAL**

---

Edward Hock, Unit Manager Governance Risk and Legal discussed the report focusing on the Future Work Plan and ongoing activities surrounding Internal Audit. Following the departure of Council's Chief Internal Auditor, Council moved from a co-sourced model to a purely outsourced model with Centium engaged to undertake the field work on a 12 month trial basis. The outsourced model is working well and providing quantifiable results and there is no reason to assume there will be a disturbance to this model.

There is scope to consider the internal resourcing to support the outsourced function with two options currently under consideration:

- 1 – a part time coordinator role to assist in facilitating maintenance of management actions
- 2 – a shared service, outsourcing the coordination function on a needs basis

The Committee noted that there are guidelines recommending that tier 2 and 3 Councils have an in-house Internal Audit function and there is a possibility this could be mandated in 2023/24. Edward Hock confirmed that, should an in-house Internal Audit function be mandated, Council would comply with that obligation.

The Committee discussed the Audit Management Tracker and the review to determine whether it was up to date and could be synthesised to improve its accessibility. A comprehensive report will be provided at the June 2022 ARIC meeting. The Committee agreed this was a valuable exercise, and expressed anticipation for the report.

#### **Resolution**

19/2022(ARIC) *The Committee noted the update on Internal Audit function and activities.*

20/2022(ARIC) *The Committee endorsed the amendments to the current internal audit plan as discussed.*

21/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains matters affecting the security of Council, Council Officials and Council property.*

#### **4.3 Validation of 2020/21 Operational Plan Deliverables - Final Report February 2022**

---

#### **Resolution**

22/2022(ARIC) *The Committee noted the report provided by Centium on Validation of 2020/21 Operational Plan Deliverables – Final Report February 2022.*

23/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

#### **4.4 Insurer Claims Management Audit Report 1 December 2021 - 31 December 2021**

---

##### **Resolution**

24/2022(ARIC) *The Committee noted the report provided by Centium on the Insurer Claims Management Audit Report 1 December 2021 – 31 December 2021.*

25/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that is confidential and unsuitable to be published.*

## **5 EXTERNAL AUDIT**

### **5.1 Reports issued by the NSW Audit Office - CONFIDENTIAL**

---

*Item 5.1 was covered in agenda item 2.2*

##### **Resolution**

26/2022(ARIC) *The Committee noted the Reports issued by the NSW Audit Office.*

27/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available:*

- a) *pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, as they contain information about matters affecting the security of Council, Council Officials and/or Council property; and*
- b) *as on balance it would not be in the public interest to make this information available as Council does not disclose to the public confidential information from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

## **6 GOVERNANCE**

### **6.1 Governance Lighthouse Report as at 31 December 2021**

---

It was requested that the Governance Lighthouse Report and Complaints and Compliments Report be consolidated for future meetings.

The Committee discussed the recruitment of the Senior Governance Officer and Section Manager Governance and Civic Support.



**Resolution**

- 28/2022(ARIC) *The Committee noted the Governance Lighthouse report as at 31 December 2021.*
- 29/2022(ARIC) *The Committee requested that the Complaints and Compliments Report be included in the Governance Lighthouse Report for future meetings.*
- 30/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Krystie Bryant joined the meeting for items 6.2 and 7.2 and left at the conclusion of these items.

**6.2 Contingency workforce engagement update**

---

**Resolution**

- 31/2022(ARIC) *The Committee noted the report on contingent workers.*
- 32/2022(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains information that is confidential and unsuitable to be published.*

**6.3 Council's Insurance Arrangements**

---

It was noted that insurance policies don't generally allow for insurance cover for fines, however there was a case where another NSW Council was able to claim on a \$750,000 fine for a workers compensation issue. It was suggested that Council review its policy wordings to establish whether such cover was available in the event of any fines being levied in future.

The Committee discussed public liability cover and what this means for Council in regard to being self-insured within the local government pool. Staff to seek clarification on this and provide an update at the next meeting.

**Resolution**

- 33/2022(ARIC) *The Committee noted the report on Council's Insurance Arrangements.*
- 34/2022(ARIC) *The Committee requested an update be provided at the June 2022 meeting on Council's Self Insurance arrangements regarding Public Liability Cover.*
- 35/2022(ARIC) *The Committee requested a further report be provided to the September 2022 meeting including a table outlining what the level of cover and premium was last time and what it is this time.*

36/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as the report refers to advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.*

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

---

##### **Resolution**

37/2022(ARIC) *The Committee noted the Update on Legal Matters report.*

38/2022(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

- 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.*

## **7 PERFORMANCE**

### **7.1 Complaints and Compliments Q2 2021-22**

---

##### **Resolution**

39/2022(ARIC) *The Committee noted the report on Complaints and Compliments Q2 2021-22.*

40/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

### **7.2 Work, Health and Safety Report**

---

*Item 7.2 was brought forward ahead of item 6.3.*

The Committee suggested that Council consider the experience of Camden Council in regard to volunteers and controls in place following the death of a volunteer in 2018.

## **Resolution**

41/2022(ARIC) *The Committee noted the report on Work Health and Safety.*

42/2022(ARIC) *The Committee recommended that this report and the supporting papers to this report not be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as they contain information that is confidential and unsuitable to be published.*

## **8 FRAUD CONTROL**

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

---

The Committee discussed the recent amendments to the *Modern Slavery Act 2018(NSW)* which came into effect on 1 January 2022 with local councils now obliged to undertake a review of their supply chains and undertake a form of modern slavery reporting.

## **Resolution**

43/2022(ARIC) *The Committee noted the Report from the Office of the Internal Ombudsman.*

44/2022(ARIC) *The Committee requested than an update on the Modern Slavery Act 2018 be provided at the June 2022 meeting.*

45/2022(ARIC) *The Committee recommended that this report not be made publicly available, pursuant to Clause 78(a) of the Audit, Risk and Improvement Committee Charter, as it contains personnel matters concerning particular individuals.*

## **9 GENERAL BUSINESS**

### **9.1 Tour of Council's Water and Sewer Assets**

---

Staff to address offline the matter of a tour of Council's Water and Sewer Assets for the Independent Committee Members. This was scheduled for 5 June 2020 however due to the situation with COVID-19, it was unable to proceed and has been on hold since.

### **9.2 Update on External Independent Member Recruitment**

---

John Gordon's appointment as an Independent External member on the Audit, Risk and Improvement Committee ceases on 27 April 2022. An EOI to fill this vacancy was advertised on seek.com.au as well as Council's website career page and closed on Sunday 6 March 2022. 20 applications were received.

At the 22 February 2022 Council meeting, it was resolved to establish an interview panel consisting of the following five members:

- 1 Administrator
- 2 Chief Executive Officer
- 3 Director Corporate Affairs and Chief Financial Officer
- 4 Chair of the Audit, Risk and Improvement Committee
- 5 Unit Manager Governance, Risk and Legal

Applications will be reviewed and interviews held with the new Independent External Member to commence 28 April 2022.

The Chair recognised John Gordon's contribution to the Audit, Risk and Improvement Committee and the whole of Council and thanked him for being a pillar of support. John's knowledge and experience is immeasurable and he was a consistent and reliable asset to the organisation.

The Administrator also thanked John for his help and advice over the many years.

**The Meeting** closed at 5:47pm.

**Next Meeting**            Wednesday 8 June 2022  
                                  2pm – 5pm  
                                  Wyong Committee Room / Microsoft Teams