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## Central Coast Council

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

Held via *Microsoft Teams/Wyong Committee Room* on 10 March 2021,  
Commencing at 9.03am

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#### **Present**

Dr Colin Gellatly (Chairperson)	Independent member
Carl Millington (arrived 9.36am)	Independent member
John Gordon	Independent member

#### **In Attendance**

Mr Rik Hart	Interim Chief Executive Officer
Malcolm Ryan	Chief Operating Officer (arrived 9:12am)
Boris Bolgoff	Director Infrastructure Services
Natalia Cowley	Director Corporate Affairs
Scott Cox	Director Environment and Planning
Tina Baker	Chief Internal Auditor
Jade Maskiewicz	Assistant Internal Ombudsman
Shane Sullivan	Unit Manager Governance and Risk
James Taylor	Section Manager Governance
Kelly Drover	Advisory Group Support Officer
David Daniels	Audit Office of NSW
Cassie Malone	Audit Office of NSW
Penelope Corkill	Account Manager, Centium, IA Co-Sourced Partner

## **1 INTRODUCTION**

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

The Chairperson, Dr Colin Gellatly, opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

Apologies received:

Dick Persson AM – Administrator

Lilly Mojsin - Senior Internal Ombudsman

### **1.2 Disclosures of Interest**

#### **Resolution**

*1/2021(ARIC) The Committee noted the report on Disclosures of Interest.*

*2/2021(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 NSW Audit Office noted that some additional items were covered in Item 3.1 as part of their update at the 10 December 2020 ARIC Meeting, however these were not reflected in the 10 December 2020 ARIC Meeting minutes.

While there was no issue with the resolution (205/2020 (ARIC)), the original commentary record in the 10 December 2020 ARIC Minutes under *Item 3.1 Update on External Audit Activities* was phrased:

#### *3.1 Update on External Audit Activities*

*David Daniels advised that the Audit commenced on 16 November 2020. There have been some data issues in regard to the payroll database.*

This commentary was agreed to be replaced by the NSW Audit Office and the Committee with the following revised wording for *Item 3.1 Update on External Audit Activities*:

#### *3.1 Update on External Audit Activities*

*David Daniels advised that the year-end audit phase commenced on 16 November 2020. There have been some challenges (notable in the submitted financial statements and the payroll space) in obtaining the required information which has impacted the progress of the audit, but the Audit Office is continuing to work with*

*management to obtain the audit evidence needed to support the balances presented in Council's financial statements.*

*David also noted that an area of risk is with the valuation of Roads & Drainage assets, noting the last full revaluation was in 2015. Management's initial position is that the replacement cost of these assets has not significantly changed since the date of the last full revaluation and management will be providing additional evidence to support this position.*

John Gordon requested the wording of his Disclosure of Interest on page 9 to be revised as follows:

188/2020(ARIC) *John Gordon declared a perceived less than significant non pecuniary conflict of interest in regard to discussion around the accounts for the 2016 pre-merger because:*

- a. *He was a Partner with PriceWaterhouseCoopers (PwC) for a period of 22 years, retiring December 2008. PwC were the Auditors for the former Gosford and Wyong Councils in 2016. although he was not involved in any Audits of either the former Gosford and Wyong Councils at any time. either of the 2016 Council audits.*

### **Resolution**

3/2021(ARIC) *The Committee confirmed the minutes of the previous meeting held on 10 December 2020 subject to the changes agreed to by the NSW Audit Office and John Gordon.*

4/2021(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**

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In regard to action 140/2020(ARIC), it was noted that the workshop has been postponed till 15 April 2021 to coincide with the commencement of the new CEO.

### **Resolution**

5/2021(ARIC) *The Committee noted the report on Outstanding Action Items.*

6/2021(ARIC) *The Committee recommended 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 78 of the Audit, Risk and Improvement Committee Charter.*

## 2 INTERNAL AUDIT

### 2.1 Chief Internal Auditor's Quarterly Progress Report

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#### Resolution

7/2021(ARIC) *The Committee noted the report on Chief Internal Auditor's Quarterly Progress Report.*

8/2021(ARIC) *The Committee recommended 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.*

### 2.2 Implementation of Management Actions Arising From Independent Reviews

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#### Resolution

9/2021(ARIC) *The Committee noted the report on Implementation of Management Actions Arising From Independent Reviews.*

10/2021(ARIC) *The Committee recommended 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 Internal Audit Balanced Scorecard Report

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#### Resolution

11/2021(ARIC) *The Committee noted the report on Internal Audit Balanced Scorecard.*

12/2021(ARIC) *The Committee recommended 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 EXTERNAL AUDIT

#### 3.1 Update on External Audit Activities

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The NSW Audit Office provided a confidential report on the Audit Progress Update, Roads and Drainage Valuation and Road to Recovery acquittal.

It was noted that the 2019/20 Audit of Financial Statements will most likely be completed Mid-April with an Extraordinary ARIC Financial Meeting to be held end of April 2021.

#### Resolution

13/2021(ARIC) *The Committee noted the report provided by the NSW Audit Office.*

14/2021(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:*

*a. it contains information that is determined by the Committee or the Chief Executive Officer (or their delegate) to be confidential or unsuitable to be published; 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 (such as an update on the General Audit process) from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

15/2021(ARIC) *The Committee requested that once the financial statements are ready to review, that they be provided with sufficient time to review them ahead of the Extraordinary ARIC Financial Meeting.*

### 4 GOVERNANCE

#### 4.1 Report from the Office of the Internal Ombudsman

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#### Resolution

16/2021(ARIC) *The Committee noted the report from the Office of the Internal Ombudsman.*

17/2021(ARIC) *The Committee recommended that 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 personal information that could compromise the security of Council, its officers and its property.*

## **4.2 Governance and Risk activities update**

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Shane Sullivan provided an update on Governance Policies. At the 9 March 2021 Council Meeting the *Gifts and Benefits Policy* and *Lobbying Policy* were adopted. The *Revised Draft Code of Meeting Practice* was also adopted by Council for the purpose of public exhibition.

The *Councillor and Staff Interaction Policy* is also being reviewed and an *Oversight of the General Manager by the Mayor Policy* is being considered.

The Chair noted the appointment of new CEO David Farmer who commences 12 April 2021.

### **Resolution**

18/2021(ARIC) *The Committee noted the report of Governance and Risk activities.*

19/2021(ARIC) *The Committee recommended that 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.*

## **4.3 Update on Legal Matters – CONFIDENTIAL**

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Natalia Cowley provided a verbal update on Legal Matters and noted the following:

- There are vacancies in the legal area and these vacancies are being addressed.
- In 2020/21, as at 15 February 2021, Legal has dealt with or is currently dealing with 130 litigation matters (including matters carried over from 2019/20).
- In 2020/21, as at 15 February 2021, Legal has dealt with or is currently dealing with 366 requests for legal advice/services/support (including matters carried over from 2019/20).
- There are a number of significant property matters being dealt with, however this is not too dissimilar with the matters dealt with previously.

### **Resolution**

20/2021(ARIC) *The Committee noted the verbal update on Legal Matters.*

## **5 FINANCE**

### **5.1 General Finance Update (Standing Item)**

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Natalia Cowley provided a General Finance verbal update noting the following:

- A restructure process is underway. Full details of this will be reported to the Consultative Committee meeting at the end of March to complete the final stage of the process.
- 138 Voluntary Redundancies have been accepted and hundreds of discussions held with significantly affected staff.
- A Long term financial plan is being presented to Council for consideration.
- This plan is dependent on the 15% SRV application that Council has made to IPART.
- Resource impacts in Finance with a significantly reduced team being required to focus on restructuring, audits and the long term financial plan.

#### **Resolution**

21/2021(ARIC) *The Committee noted the General Finance verbal update.*

22/2021(ARIC) *The Committee requested they be provided with copies of Council's monthly Financial Reporting to the Office of Local Government.*

### **5.2 Update on Forensic Audit Report (198/2020ARIC)**

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Natalia Cowley advised that Council requested Clayton Utz to provide a Legal and Forensic Analysis. As part of this analysis they engaged KPMG.

The Committee discussed proactively released emails between the former CEO/CFO.

As the GIPA application is still being determined, Shane Sullivan and James Taylor left the room and were not present for this discussion.

#### **Resolution**

23/2021(ARIC) *The Committee noted the report on Outcome of the Forensic Audit.*

24/2021(ARIC) *The Committee recommended that this report and its attachments 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.*

### **5.3 SRV Application Update**

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#### **Resolution**

25/2021(ARIC) *The Committee noted the report on SRV Application Update.*

26/2021(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.*

## **6 PERFORMANCE**

### **6.1 Complaints and Compliments Report Q1 and Q2 2020-2021**

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#### **Resolution**

27/2021(ARIC) *The Committee noted the report on Complaints and Compliments for Q1 and Q2 2020 – 2021.*

28/2021(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.*

### **6.2 Organisational Performance Update**

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Malcolm Ryan presented the Committee with an example of the monthly financial report which will be published on the internet in the near future. He also demonstrated the draft dashboard reporting which will highlight detailed compliance and performance metrics to the Executive.

## **7 GENERAL BUSINESS**

### **7.1 2020 Annual Report**

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The 2020 ARIC Annual Report has been completed and will be reported to Council then placed on the website.

### **7.2 Progress re ARIC recruitment**

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Shane Sullivan advised that Interviews for an Independent ARIC Member are being held over the next week with the shortlisted candidates. A report will go to Council by end of April 2021.



### **7.3 Appointment of Interim Chair**

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At the 17 June 2020 Audit, Risk and Improvement Committee Meeting, in regard to the Election of a Chairperson, the Committee resolved:

*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.*

As this meeting was the last for the current Chairperson, Colin Gellatly nominated Carl Millington to perform the role of Interim Chair between 27 April 2021 and the 15 June 2021 Ordinary Meeting when the new Chairperson will be elected. This nomination was seconded by John Gordon.

As outgoing Chairperson, Colin Gellatly took the opportunity to thank staff for their assistance during his time of Chair of the Committee and paid special mention to Natalia Cowley and Rik Hart for their work during the recent financial situation.

Mr Hart also thanked Mr Gellatly for his service.

#### **Resolution**

*29/2021(ARIC) The Committee resolved to appoint Carl Millington as Interim Chairperson of the Committee for the period 27 April 2021 up until the next Ordinary Meeting at which point the new Chairperson will be elected in accordance with the ARIC Charter.*

**The Meeting** closed at 11.24am.

#### **Next Meeting    Extraordinary Financial Meeting**

Wednesday 5 May 2021  
9am – 12pm  
Microsoft Teams Meeting

#### **Ordinary Meeting**

Tuesday 15 June 2021  
2pm – 5pm  
Microsoft Teams Meeting