AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

17 March 2020

Meeting Notice

The AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING
of Central Coast Council
will be held in the Gosford Committee Room,
49 Mann Street, Gosford on
Tuesday 17 March 2020 at 2pm,
for the transaction of the business listed below:

Receipt of Apologies

GENERAL REPORTS

Gary Murphy
Chief Executive Officer

Note: Items 2.2, 2.4, 4.1, 6.4 were submitted as late reports and were issued separately to the original business paper. They have been included in these supporting papers in consecutive order for ease of reference.

Item No:	1.2
Title:	Disclosures of Interest
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13780621

Report Purpose

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

(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.

Further, the Code of Conduct adopted by Council applies to all Councillors and Staff. The Code relevantly provides that if a Councillor or Staff member has 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

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

2   That the Committee make a recommendation 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.

Attachments

Nil.

Item No:	1.3
Title:	Confirmation of Minutes of Previous Meetings
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference:	F2018/00028-002 - D13780628
Author:	Zoie Magann, Advisory Group Support Officer
Manager:	James Taylor, Section Manager Governance
Executive:	Dr Liz Develin, Director Governance

Report Purpose

The purpose of this report is to confirm the minutes of the previous Audit, Risk and Improvement Committee meetings held on *4 December 2019* and *20 February 2020*.

The minutes from 4 December 2019 were circulated to all Audit, Risk and Improvement Committee members by email on 11 December 2019, and the minutes from 20 February 2020 were circulated on 24 February 2020.

Council's *Audit Risk and Improvement Committee Charter* states that all supporting papers to the meeting agendas will be released to the public on Council's website, unless such release would be contrary to the public interest. It is considered that the nature or content of this report and attachments do not fall within any of the exceptions listed under Clause 78 of the Charter and release to the public be approved.

Recommendation

1   *That the Committee confirm the minutes of the previous meetings held on 4 December 2019 and 20 February 2020 noting that they will subsequently be reported to Council on Monday 27 April 2020.*

2   *That the Committee make a recommendation 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.*

Attachments

1   ARIC Minutes - 4 December 2019   D13744164
2   ARIC Minutes - 20 February 2020   D13833942

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

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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.*

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

2   INTERNAL AUDIT   - 8 -

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.*

Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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.*

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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.

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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:*

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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.*

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019 contd

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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.

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019
contd

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.

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 04 December 2019
contd

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.

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Central Coast Council

Minutes of the

EXTRAORDINARY AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

Held in the Committee Room
49 Mann Street, Gosford
on 20 February 2020

Present

Dr Colin Gellatly (Chairperson)
Carl Millington
John Gordon

In Attendance

Gary Murphy	Chief Executive Officer
Dr Liz Develin	Director Governance
Craig Norman	Chief Financial Officer
Vivienne Louie	Unit Manager Financial Performance
Tina Baker	Chief Internal Auditor
James Taylor	Section Manager Governance
Michelle Best	Financial Controller
Peter Correy	Financial Controller
Mellissa McKee	Financial Controller
Kelly Drover	Advisory Group Support Officer
Cassie Malone	Audit Office of NSW
Aaron Green	Audit Office of NSW
Penny Corkill	Centium

Minutes of the Extraordinary Audit Risk and Improvement Committee Meeting of Council 20 February 2020 contd

1   INTRODUCTION

1.1   Welcome, Acknowledgement of Country and Apologies

The Chairperson, Colin Gellatly declared the meeting open at 1.58pm and completed an Acknowledgement of Country.

Apologies Received: Councillor Louise Greenaway, Councillor Doug Vincent

1.2   Disclosures of Interest

Resolution

1/2020(ARIC)   That the Committee receive the report on Disclosures of Interest noting that there were no Disclosures of Interest.

2/2020(ARIC)   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.

2   FINANCE

2.1   Draft Financial Statements for the reporting period 1 July 2018 to 30 June 2019

Resolution

3/2020(ARIC)   That the Audit Risk and Improvement Committee recommends that Council adopt the 2018-19 Consolidated Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules.

4/2020(ARIC)   That the Audit Risk and Improvement Committee recommends that Council adopt the 2018-19 Central Coast Council Water Supply Authority General Purpose Financial Statements.

5/2020(ARIC)   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 exception, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.

Minutes of the Extraordinary Audit Risk and Improvement Committee Meeting of Council 20 February 2020 contd

3   CONFIDENTIAL ITEMS

3.1   Interim Management Letter from NSW Audit Office - Financial Audit

Aaron Green from the Audit Office of NSW discussed the Interim Management Letter which outlines matters of interest identified during the current audit, unresolved matters identified during previous audits and matters required to be communicated under Australian Auditing Standards.

Resolution

    6/2020(ARIC)   *That the Committee receive the Interim Management Letter on financial audit testing for the year ending 30 June 2019.*

    7/2020(ARIC)   *That an update be provided on the status of actioning the matters raised in the Interim Management Letter at the 17 March 2020 Audit, Risk and Improvement Committee meeting.*

    8/2020(ARIC)   *That the Committee approve Internal Audit receiving a copy of Interim Management Letters and that they be included in the Audit Tracker.*

    9/2020(ARIC)   *That the Committee hold an In-Camera meeting with the NSW Audit Office.*

    10/2020(ARIC)   *That the Committee recommend this report and the supporting papers not be made publicly available:*

        a)   *pursuant to Clause 6.4 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 any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

4   GENERAL BUSINESS

4.1   Recent Storm Events on the Central Coast

The Chief Executive Officer provided the Committee with an update on the impacts of the recent storms on the Central Coast including increased overtime and pressure on waste activities. Council have engaged additional contractors as well as Lake Macquarie Council to

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Minutes of the Extraordinary Audit Risk and Improvement Committee Meeting of Council 20 February 2020 contd

assist with additional resources. Approximately 5,700 homes have been impacted along with a number of businesses due to power outages.

The Director, Governance advised the Committee that there have been comments made by members of the Central Coast Community, publicly, indicating an intention to commence legal proceedings against the Council in respect of the recent flood event that impacted our local government area. Council's insurer has been notified and will be appointing a Solicitor. The Audit, Risk and Improvement Committee will continue to be advised as the matter progresses.

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

The Meeting closed at 2.35pm.

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Item No:	1.4
Title:	Outstanding Action Items
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference:	F2018/00028-002 - D13780635
Author:	Kelly Drover, Advisory Group Support Officer
Manager:	Shane Sullivan, Unit Manager Governance and Business Services
Executive:	Dr Liz Develin, Director Governance

Report Purpose

A review of the Outstanding Action Items from previous meetings.

Recommendation

1   That the Committee notes the report.

2   That the Committee makes a recommendation 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.

To facilitate easier reference to and identification of action items, the numbering in the ARIC Action item table has been updated. While the reference to the item's number and date of meeting will be maintained, we have commenced numbering each of the action items in the same way that Council resolutions are tracked thereby providing each action item with a unique reference umber.

By way of example:

> *Old numbering: 3.1, 20 February 2020*
>
> *New numbering: 7/2020(ARIC) - Item 3.1, 20 February 2020*

This will remove any uncertainty where there are actions items outstanding from different meetings with the same item number, or multiple actions outstanding from one item at the same meeting.

<u>Key</u>
Green = completed items;
Orange = on agenda for 17 March 2020 meeting;
White = still pending; and
Red = overdue

ARIC ACTION ITEMS			
ITEM	**ACTION**	**RESPONSIBLE OFFICER**	**STATUS**
8.4 1 October 2019	A tour of Councils' Water and Sewer Assets for the independent committee members to be scheduled for the week commencing 9 December 2019	Director Governance	Due to availability of the CEO and external ARIC members, dates are still being investigated, now for May 2020.
1.4 4 December 2019	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.	Director Governance	Update noted by secretariat – will be implemented moving forward. Action is closed.
2.2 4 December 2019	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.	Chief Internal Auditor	ELT and Unit Managers with open actions notified of this requirement – 10/2/20 - and will be notified each time the courtesy email requesting updates is issued.
2.3 4 December 2019	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.	Chief Internal Auditor	24/12/19 - ARIC and other relevant stakeholders sent updated tables incorporating NSWAO ITGC recommendations and management actions

ARIC ACTION ITEMS			
ITEM	**ACTION**	**RESPONSIBLE OFFICER**	**STATUS**
2.3 4 December 2019	That the Chief Internal Auditor include risk classifications including colour coding in the tables for the Implementation of Management Actions.	Chief Internal Auditor	Colour coding will be incorporated into the next report. Risk classifications are already included.
2.3 4 December 2019	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.	Chief Internal Auditor Senior Internal Ombudsman	To include this information in the IA reports going forward. Update to be provided at 17 March 2020 meeting.
2.3 4 December 2019	That the Chief Internal Auditor bring the Service Level Standards back to the next meeting.	Chief Internal Auditor	To be provided at 17 March 2020 meeting as part of the Balanced Scorecard report.
2.4 4 December 2019	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.	Chief Internal Auditor	Action is closed
2.4 4 December 2019	That the Chief Internal Auditor brings forward the proposed Fraud and Corruption Risk Assessment in the Audit program.	Chief Internal Auditor	This review is now being undertaken by Council's insurer and further details are included in a report to the 17 March 2020 meeting.
2.4 4 December 2019	That the Chief Internal Auditor include in the programme a follow up of completed recommendations.	Chief Internal Auditor	Validation reviews do form part of the IA schedule of audits. The 20/21 programme will

ARIC ACTION ITEMS			
ITEM	ACTION	RESPONSIBLE OFFICER	STATUS
			include validation/follow up of the management actions taken in response to the NSWAO ITGC review
2.4 4 December 2019	That the Chief Internal Auditor includes an indication of staff hours required for each review identified in the Audit Schedule and Work Program.	Chief Internal Auditor	The IA plan includes indicative number of days for each audit as part of the quarterly scheduling and $ budgeting process, so this detail will be included in the IA work programmes presented to ARIC in future, if desired. To be provided at the June 2020 ARIC meeting.
4.1 4 December 2019	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;	Director Governance	Tender opened – RFT has been assessed. Firm will soon be appointed (as of 28/12/19) This is addressed in a report on the Business Paper.

ARIC ACTION ITEMS			
ITEM	**ACTION**	**RESPONSIBLE OFFICER**	**STATUS**
	• assist with upskilling existing staff in working with the ERMF.		
4.2 4 December 2019	That the Director Environment and Planning clarify if the report addresses buildings over 8 levels high, prior to the report being released publicly.	Director Environment and Planning	Email received from Fire Safety Officer 14 January 2020 confirming the list of buildings with combustible cladding were supplied to Council from the NSW Government and there are buildings on this list which are over 8 stories high. Action is closed
5.1 4 December 2019	That the Committee members provide feedback on the draft Dashboard for consideration by staff before the Christmas shutdown period.	ARIC Members	Feedback received and forwarded to relevant staff for noting. Action is closed.
6.2 4 December 2019	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.	Senior Internal Ombudsman	
6.4 4 December 2019	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.	Independent ARIC Members	Complete Action is closed.

ARIC ACTION ITEMS			
ITEM	**ACTION**	**RESPONSIBLE OFFICER**	**STATUS**
6.5 4 December 2019	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.	Director Governance	Noted for meeting of 17 June 2020.
6.7 4 December 2019	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.	Director Governance	Proposed policy is included in the Business Paper for the 17 March 2020 meeting. Action is closed.
71 4 December 2019	That John Gordon provide details to the Chief Information Officer regarding the Council which undertook an IM&T risk assessment for consideration.	John Gordon	John provided details via email – forwarded to CIO for noting. - Inner West Council - Camden Council Action is closed
8.1 4 December 2019	That a further report on internal complaints be brought back to the Committee, including a flow chart on the complaint process.	Director Connected Communities	To be presented to the June ARIC meeting.
10.2 4 December 2019	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.	Director Governance	A report is included in the Business Paper for the 17 March 2020 meeting. Action is closed.
7/2020(ARIC) Item 3.1, 20 February 2020	That an update be provided on the status of actioning the matters raised in the Interim Management Letter at the 17 March 2020 Audit, Risk and	Chief Financial Officer	Action arising out of 20/12/19 meeting. Update to be provided at 17

ARIC ACTION ITEMS			
ITEM	**ACTION**	**RESPONSIBLE OFFICER**	**STATUS**
	Improvement Committee Meeting		March 2020 meeting.
8/2020(ARIC) Item 3.1, 20 February 2020	That the Committee approve Internal Audit receiving a copy of Interim Management Letters and that they be included in the Audit Tracker.	Director Governance	Interim Management Letter sent to IA 20/2/2020 Action is closed
9/2020(ARIC) Item 3.1, 20 February 2020	That the Committee hold and In-Camera meeting with the NSW Audit Office	The Committee	Meeting held with the Audit Office following the 20 February 2020 Extraordinary Meeting. Action is closed.

Attachments

Nil.

Item No:	2.1
Title:	Chief Internal Auditor's Quarterly Progress Report
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13856007
Author: Tina Baker, Chief Internal Auditor
Manager: Gary Murphy, Chief Executive Officer
Executive: Gary Murphy, Chief Executive Officer

Report Purpose

The *Chief Internal Auditor's (CIA) Quarterly Progress Report* forms part of the standard suite of reports presented by Internal Audit to each ordinary meeting of the Audit, Risk and Improvement Committee (ARIC).

Summary

A report on the activities of Internal Audit since the last update to the Audit, Risk and Improvement Committee on 4 December 2019.

Recommendations

1   That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.

2   That the Audit, Risk and Improvement Committee invite the Unit Manager, Business Enterprise to present to the next meeting (June 2020) on the outcome and management actions from the recent review by an external consultant on Holiday Parks.

3   That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.

1. IA FRAMEWORK – ASSURANCE SERVICES

Progress Against Agreed Schedule of Audits

1.1 **Four** audits are underway and since the last ARIC meeting, **two** draft reports have been issued for management comment and will be provided to the Audit, Risk and Improvement Committee members when the report have been finalised.

Audit Reports In Draft:

- 01/19-20 Councillor Allowances, Facilities and Expenses
- 02/19-20 Contract Management

Audits Underway

- 03/19-20 Complaints Management – fieldwork underway
- 04/19-20 Cybersecurity – replaced by a review of IT Governance; fieldwork underway
- 05/19-20 Leadership Team Allowances, Facilities and Expenses – Terms of Reference issued; preliminary fieldwork underway
- 06/19-20 Procurement Cards, Store Cards, Store Accounts *(new addition to the schedule of audits)* - Terms of Reference issued; preliminary fieldwork underway

1.2 At the request of IM&T Management and, in agreement with the CEO and ARIC, the Cybersecurity review was dropped from the 2019/20 schedule of audits. Instead, it was agreed that IM&T will conduct a self-assessment and gap analysis against the "essential eight' cyber-security guidelines that govern State Government practice and report back to the June meeting of ARIC. Internal Audit has replaced the Cybersecurity review with one on **IT Governance,** looking at the overarching framework and controls in place around planning, budgeting, service continuity and recovery, operations and service delivery and system change and release management. Additionally, a detailed follow up/validation review of the management actions implemented to mitigate the control weaknesses identified in the IT General Controls report will be included in the schedule of audits for the next financial year.

Validation and Follow Up

1.3 The IA Tracker system continues to present problems in terms of accessibility, presentation of information, extraction of information, data extraction and reporting. Consequently back up Word documents and Excel spreadsheets are still being utilised and it is increasingly cumbersome to present the information required to a reasonable standard level of reliability. A request has been submitted to convert the system to SmartSheet, or a corporate system capable of being used to track actions relating to reviews conducted by different parties to facilitate consolidated reporting.

2. IA FRAMEWORK – CONSULTING & ADVISORY ACTIVITIES

Stakeholder Engagement

2.1 The Chief Internal Auditor co-ordinated Council's response to the proposals in the Office of Local Government's (OLG) discussion paper *"A New Risk Management and Internal Audit Framework for Local Councils in NSW"* which was submitted to OLG before the consultation period deadline.

2.2 The Unit Manager, Business Enterprise had previously requested IA to conduct a review of Holiday Parks, but resourcing limitations meant this had to be outsourced to an external consultancy firm. The external review is complete and it is recommended that the Committee invite the Unit Manager, Business Enterprise to the next meeting (June 2020) to present the outcome and management actions arising from the review.   If considered appropriate, any open actions can be incorporated into the IA Action Tracker following the presentation.

2.3 The Local Government IA Network conference is being held at Council on 3 April 2020 and is being co-ordinated and organised by the Chief Internal Auditor.

3. IA FRAMEWORK – QUALITY AND PERFORMANCE

Monitoring and Measuring the Performance of the IA Function

3.1 In line IA's balanced scorecard measure 1.1 relating to the ARIC's level of satisfaction with the quality , type and volume of information presented and reported to the Committee by IA, a short survey of ARIC members in relation to Internal Audit was conducted during December 2019 and January 2020. The results are presented in the Balanced Scorecard report to this meeting.

Continuous Improvement

3.2 Quarterly strategic planning days with Centium have been arranged, with a view to working through and establishing a consistent, innovative approach to our work and developing a true partnership for the delivery of IA services to Council. The first planning day was held in February to develop the proposed audit schedule for 2020/21 and compile a project plan for the strategic planning days over the next 12 months:

Date	Topics
February 2020	1. Strategic planning project plan 2. Audit schedule for 2020/21
May 2020	1. Finalisation of IA work program for 2020/21 and audit schedule proposals for following 3 years (considering any feedback from ELT and Leadership Team) ready to be presented to ARIC on 17 June 2. Co-branding 3. Audit reports: consistent report format, content and style, and creation of more innovative report style to be developed going forward
August 2020	1. IA balanced scorecard measures and service standards II 2. Stakeholder engagement strategy and plan 3. IA emerging themes and risk outlook
November 2020	1. 12 monthly review of the partnership arrangement -what's working, what could be improved, future developments 2. Audit needs assessment process I
February 2021	1. Audit needs assessment process II 2. Development of IA work program 2021/22

Professional Development

3.3 The Chief Internal Auditor has been elected to the Executive of the Local Government Internal Audit Network.

3.4 The Chief Internal Auditor will be job shadowing the Centium IT experts on the IT Governance review to help meet the experience component requirements of the CISA (Certified Information Systems Auditor) qualification (exam passed 2018).

4. IA FRAMEWORK – ORGANISATIONAL RISK & AUDIT NEEDS ASSESSMENT

4.1   Discussions were held with Capital Insight who were responsible for establishing the Risk Management Framework at former Wyong Shire Council and who were re-engaged to review the current Framework at Central Coast Council.   The outcomes of the latest Capital Insight review and

significant improvements in the Council's risk management assessment and recording process, will inform future IA work programmes, in respect of business assurance reviews.

5. CONCLUSION

5.1 The co-sourced partnership with Centium is facilitating the timely delivery and completion of audits. As reported to the Committee previously however, whilst the budgeted provision for the IA function remains at one FTE, in the absence of the Chief Internal Auditor, the organisation will continue to be exposed in terms of managing the co-sourced contract and will compromise the delivery of all the elements of the IA Framework and the provision of reports and independent assurance to the CEO and to Council through the Audit, Risk and Improvement Committee.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Attachments

Nil.

Item No:	2.2	
Title:	Implementation of Management Actions Arising From IA Reviews	
Department:	Governance	

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13858781
Author: Tina Baker, Chief Internal Auditor
Manager: Gary Murphy, Chief Executive Officer
Executive: Gary Murphy, Chief Executive Officer

Report Purpose

This report is provided to the Committee to help meet section 4.5 of their Charter obligations, which states: "The Committee is responsible for: *[inter alia]*

- Review *(sic)* all audit reports and consider significant issues identified in audit reports and action taken on issued raised, including identification and dissemination of better practices;
- Monitoring the implementation of internal audit recommendations by management".

Summary

The report on *Implementation of Management Actions Arising From IA Reviews* forms part of the standard suite of reports presented by the Chief Internal Auditor to the quarterly ordinary meeting of the Audit, Risk and Improvement Committee.

Recommendations

1. ***That the Audit, Risk and Improvement Committee receive the report on the implementation of management actions arising from IA reviews.***

2. ***Pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee consider assigning a 'confidential' privacy marking 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".***

Context

When IA reviews identify a control weakness, the risk exposure is reported and recommendations to mitigate the risk are captured in a written report along with responses and any corrective action agreed by management.

Management nominate a date by which their agreed action will be implemented in accordance with their own operational priorities. The recommendations and management responses are now being captured in the Audit Task Tracker system. The Audit Task Tracker is not yet accessible to staff as there are still a number of technical changes to be implemented. Once these have been actioned, staff should be able to update their actions when appropriate, rather than when formally commissioned by IA.

 Management updates, implementation of the agreed or partially agreed actions are reported by the Chief Internal Auditor to the Audit, Risk and Improvement Committee on a quarterly basis.

Current Status

During this quarter:

- **0** actions were added
- management closed **11 actions**
- **33** actions remain open

In line with the request from ARIC, Appendix 1 provides a dashboard showing the status of actions.

The detailed tables at Appendix 2 shows the findings and recommendations for each review, the originally agreed implementation dates and most recent management updates, including those for closing out the **7** items since the last report.

Departmental Headline Data

The **33** open actions are with the following departments:

Finance	5
IM&T	0
Governance	3
People & Culture	4
Connected Communities	20
Roads, Transport, Drainage & Waste	0
Environment & Planning	1

As highlighted in the previous report, one action relating to a review of Contributions that was not originally assigned an action date (due to the style of reporting at the time), has since been assigned an action date of 31 March 2020. So, the action is not yet showing as overdue, although the review was conducted and reported in 2016.

Of the **33** open actions, per department, the due/overdue status is as follows:

	Not yet due	1-6m overdue	7-12m overdue	13-12m overdue	25m+ overdue	No action date	TOTAL
Finance	0	1	4	0	0	0	5
IM&T	0	0	0	0	0	0	0
Governance	0	2	1	0	0	0	3
People & Culture	2	2	0	0	0	0	4
Connected Communities	8	5	5	0	2	0	20
Roads, Transport, Drainage & Waste	0	0	0	0	0	0	0
Environment & Planning	1	0	0	0	0	0	1

Tracking Actions From Other Reviews

At their meeting of 4 December 2019, the Audit, Risk and Improvement Committee requested the Chief Internal Auditor to incorporate tracking of actions arising from the NSW Audit Office reviews and management letters and to discuss similar arrangement for investigations by the Internal Ombudsman.   The IA Tracker was updated accordingly. In addition, the Governance and Business Services Manager, as part of the Governance Forum, is compiling a dashboard of governance related data.

It should be noted however, as a result there are now a number of different and unconnected tracking systems in place, as follows:

- The IA Tracker system in Sharepoint – capturing all IA recommendations and NSW AO recommendations and management actions
- The IO Tracker system – being set up in SmartSheet
- Finance is also tracking the NSW AO actions in an Excel spreadsheet
- Governance Tracker – in BI Project

Due to Finance also tracking the NSW AO recommendations and management actions, the latest management updates in respect of NSW AO reports are not captured in this report.

It is advised that one corporate system <u>only</u> is used for tracking management actions arising as a result of third line of defence reviews, which has the functionality for collated or separate reporting, data dashboards, data interrogation and data entry.

An Executive decision needs to be made on which corporate system this should be.

It is incumbent upon management (at all levels) to ensure controls are effectively mitigating the associated risks and that systems/processes are operating efficiently and cost-effectively. It can be discerned from management comments in the actions table whether audit recommendations are being considered as making an important contribution to strengthening systems and process controls or whether they are perceived as an additional set of management tasks that seem to sit outside of operational business as usual.

Conclusions

The commitment to improving controls and effectively managing risks through the timely implementation of agreed actions and process improvements are basic management responsibilities and a key component of sound, organisational governance. Whilst actions remain outstanding, the organisation remains exposed to the identified risks unless other mitigating controls are implemented.   In addition, it is the responsibility of management to determine whether appropriate action has been undertaken in a timely way and to a sufficient degree to manage down the risk exposure to a more acceptable level to warrant the closure of the action.

Senior management are advised that they are accountable in the event that items have been closed off but the mitigating action has not actually been undertaken and the identified risk crystallises. It is also the responsibility of senior management to determine what action or intervention should be taken in the event of overdue actions and to ensure that action taken to close out an item is appropriate to address the risk and issue highlighted by the audit finding.

The suggestion for Directors to provide the CEO with an annual assurance sign off statement to verify actions taken in response to audit findings is intended to help strengthen accountability in this regard.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

2.2 Implementation of Management Actions Arising From IA Reviews (contd)

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Attachments

1 Appendix 1 IA Management Actions Dashboard   D13858759
2 Appendix 2 March 20 Management Actions table   D13858765

Central Coast Council

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference:	F2018/00028-002 - D13857329
Author:	Tina Baker, Chief Internal Auditor
Manager:	Gary Murphy, Chief Executive Officer
Executive:	Gary Murphy, Chief Executive Officer

Report Purpose

The *Internal Audit Balanced Scorecard Report* forms part of the standard suite of reports presented by Internal Audit to each ordinary meeting of the Audit, Risk and Improvement Committee.

Summary

A standing agenda item for the Audit, Risk and Improvement Committee is for IA to deliver a balanced scorecard progress report to each quarterly meeting. There are thirteen balanced scorecard measures against which IA is required to report.

Recommendations

1. *That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.*

2. *That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Background

Internal Audit has a set of performance metrics presented as a "Balanced Scorecard". These metrics are intended to provide Management and the Audit, Risk and Improvement Committee with information and data which give a snapshot of IA progress against key measures and how the unit is operating from the perspective of different stakeholders and areas of competence.

The attached table at appendix 1 shows IA's latest progress against the existing balanced scorecard measures.

In line IA's balanced scorecard measure 1.1 relating to the ARIC's level of satisfaction with the quality, type and volume of information presented and reported to the Committee by IA, a short survey of ARIC members in relation to Internal Audit was conducted during December 2019 and January 2020. The results are attached at Appendix 2.

Context

The commentary feedback from the ARIC survey highlighted the impact of the immature risk management framework, the resourcing challenges facing IA and the need for a greater commitment by management to addressing risk exposures/control weaknesses identified in IA reports.

The turnaround times for audits and production of reports have not been met for the two completed audits so far in this reporting year.

- 01/19-20 Councillor Allowances, Facilities and Expenses – the duration of this review and turnaround of the draft report was protracted due to various other priority activities, such as the co-sourced partnership tender and compilation of other reports as a priority as well as system access delays.
- 02/19-20 Contract Management – the duration of this review and turnaround of the draft report was protracted as this was the first Centium review, the Christmas close down, the length of time to set up the Centium contractor with system access and general difficulties getting information to inform the audit.

The Chief Internal Auditor highlighted the system access issues to the IM&T business partner and the process to set up Centium staff set up is now a lot quicker. It is anticipated that the target outcomes for the remaining audits in the program will be met.

A refresh of the balanced scorecard measures and service standards is scheduled for the strategic planning day with Centium in August 2020. Members of the Committee are invited to provide their own feedback on what they consider to be useful measures and service standards to inform the discussion.

Service Standards

At the meeting of 4 December 2019, the Committee requested a copy of the IA service standards. These are shown below.

1. Standards Around Reporting		
#	**Activity**	**Service Standard**
1.1	Issue of draft report by Internal Audit	No later than 10 working days after the close out meeting.
1.2	Management response to draft audit report.	No later than 10 working days after the draft report is issued.
1.3	Issue of final report by Internal Audit.	No later than 10 working days after management final responses and comments have been received.
1.4	Distribution of final IA reports.	Internal Audit are responsible for issuing final IA reports to all internal stakeholders. Corporate Governance/Councillor Services are responsible for issuing final IA reports to all members of the Audit, Risk and Improvement Committee.
1.5	Distribution markings assigned to IA reports.	All IA draft and final reports are assigned a confidential security marking.
2. Standards Around Actions and Monitoring		

#	Activity	Service Standard
2.1	Turnaround times for agreed actions.	The following suggested turnaround times in relation to implementing the agreed action according to the risk exposure identified for each audit finding: Extreme - actioned within 1 month; High - actioned within 3 months; Medium - actioned within 6 months; Low - actioned within 12 months. These turnaround times are negotiable, depending on the extent of the agreed action and the work involved.
2.2	Agreed actions uploaded into the Audit Tracker by IA.	No later than 5 working days after the final report has been issued.
2.3	Reporting outstanding agreed actions to the Executive.	IA will provide a quarterly report to the Executive and Audit, Risk and Improvement Committee of outstanding agreed actions.

Conclusions

By continuing to use and report against balanced scorecard measures IA sets a precedent for the organisation in terms of having in place an effective system for monitoring and reporting on performance and being held accountable for specific deliverables. This also puts IA in a strong position to provide advice to other units or teams on establishing effective measures for performance monitoring and reporting.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Attachments

1 Appendix 1 IA Balanced scorecard report March 2020   D13856119
2 Appendix 2 ARIC IA survey results   D13856125

PROGRESS AGAINST EACH OF THE BALANCED SCORECARD PERFORMANCE MEASURES (March 2020)

1.   Audit, Risk and Improvement Committee

No	Measure	Mechanisms	Target Outcome	Progress To Date
1.1	Level of satisfaction with quality, type and volume of information presented and reported. *Links to IIA standard 1100*	Satisfaction survey to all members of the Committee every two years. (*The survey will cover as a minimum the audit mandate, audit coverage, the adequacy of reporting, an overall level of satisfaction and the perception of trend of the internal audit activity ie better, same, declining).*	Improved trend for 'overall level of satisfaction' (or sustained positive ratings) indicated by each survey. Satisfaction rating for each part of the survey to be scored as "Good" or higher.	Committee members are welcome to submit feedback at any time without waiting for a formal survey process to be undertaken. **Survey conducted Dec 19/Jan 20 – reported to ARIC 17/3/20** Average rating (out of 5) on these elements: 3.33
1.2	Perspective on IA effectiveness, professionalism and competence *Links to IIA standards 1200 and 1300*	CIA to provide a "staff profile" to the Audit, Risk and Improvement Committee each year (covering elements such as auditing and work experience, qualifications, auditing certifications, years of auditing experience and professional outreach). CIA to present a Professional Development Plan to the Committee each year based on development priorities and plans and to report on progress against this plan.	IA staff to achieve majority of priorities in Professional Development Plan that is agreed with the Audit, Risk and Improvement Committee and CEO and have demonstrated reasonable progress with others.	Professional development updates provided to Committee under the CIA progress report, section 3 "*IA Work Programme - Quality and Performance*". "*New Auditor's Guide to Internal Auditing*" by Bruce Turner AM published, to which the Chief Internal Auditor contributed and is acknowledged in the book as an expert practitioner in the field of Internal Audit. CIA elected to LGIAN Executive – March 2020

2.   ***Executive & Audit Stakeholders/Customers***

No	Measure	Mechanisms	Target Outcome	Progress To Date
2.1	Levels of customer satisfaction with individual audits, with respect to: ➢ Value added ➢ Usefulness of recommendations *Links to IIA standard 2000*	Customer Satisfaction Survey distributed to all relevant stakeholders after each audit.	Average rating of 3.5 or higher (out of 5) for the two key questions on the survey concerning "value add" and "usefulness of recommendations". (Each 'other' question on the survey points to the possible causes).	No change since last reported. There have been 6 feedback surveys received to date. Average ratings across the different rating categories are as follows: Scope of work: 4.6 Communication and Collaboration: 4.76 Timeliness: 4.72 Knowledge and Professionalism: 4.96 Quality and Value: 4.72 **Target being met**
2.2	Executive expectations of IA vis a vis experience of actual delivery. *Links to IIA standard 2000 and 2100*	Executive expectations/ experience survey conducted every two years.	Analysis of gap between expectations and experience is <2.5 points for each area surveyed.	No survey conducted since pre-amalgamation due to the rate of change at ELT level. Regular discussions held with CEO and Director Governance. To resurrect quarterly one on one meetings with ELT members from FY 2020/21. Survey will be conducted Q2/20-21
2.3	Feedback (formal and informal) from staff in relation to advice and information provided by IA and improved understanding of the role. *Links to IIA standard 2000 and 2100*	Number of referrals to IA for informal or formal advice on risk/control related matters. Consultancy/advisory services provided by IA.	Generally positive feedback on value and usefulness of information.	Manager comment provided through the feedback survey: "*Tina has and continues to provide a very professional approach to her audit process* " "*It is clear that Tina has experience in the subject matter area and holds an interest in this specific area with a vested interest in reducing Council liability.*"

3. *Internal Audit Processes*

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.1	Completion of approved audit programme. *Links to IIA standard 2200, 2300, 2400, 2500*	Number of audits completed and reported to the Audit, Risk and Improvement Committee as per the ratified plan.	90%.	• 01/19-20 Councillor Allowances, Facilities and Expenses COMPLETED • 02/19-20 Contract Management COMPLETED • 03/19-20 Complaints Management – fieldwork underway • 04/19-20 Cybersecurity – replaced by a review of IT Governance; fieldwork underway • 05/19-20 Leadership Team Allowances, Facilities and Expenses – Terms of Reference issued; preliminary fieldwork underway • 06/19-20 Procurement Cards, Store Cards, Store Accounts **(new addition to the schedule of audits)** - Terms of Reference issued; preliminary fieldwork underway **On Track**
3.2	Proportion of audits completed (to draft report stage) within planned number of days budget. *Links to IIA standards 2200, 2300, 2400, 2500*	Number of audits completed in line with planned budget as per the ratified audit plan.	90%	01/19-20 Councillor Allowances, Facilities and Expenses – Over Budget 02/19-20 Contract Management – On Budget **Target not being met.**
3.3	Duration of audits. *Links to IIA standards 2200, 2300, 2400, 2500*	Number of audits completed and taken to draft report stage in 12 weeks or less (measured from the start date of fieldwork to the date of issue of the draft audit report).	80%	01/19-20 Councillor Allowances, Facilities and Expenses – target not met 02/19-20 Contract Management – target not met **Target not being met.**

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.4	Finalisation of draft audit reports. *Links to IIA standards 2200, 2300, 2400, 2500*	Number of audit reports finalised and distributed to Audit, Risk and Improvement Committee within 3 weeks (15 working days) of issue of the draft report (in line with service standard of 10 days for management to respond to draft audit reports).	80%	01/19-20 Councillor Allowances, Facilities and Expenses – target not met 02/19-20 Contract Management – target not met **Target not being met.**
3.5	Compliance with IIA's International Professional Practices Framework (IPPF) *Links to IIA standards 2400 and 2600*	Self-assessment External assessment An annual assertion on compliance with the IIA Standards provided by the CIA to the Audit, Risk and Improvement Committee	"Generally conforms" rating of compliance with IIA Standards by the external review. External review conducted at least every five years.	External assessment of IA by Statewide Mutual reported April 2018 gave an overall maturity rating of "optimising" for all IIA standards with the exception of standard 2300 and standard 2500 which were classified as "managed". Issues highlighted: • Potential for use of CAATs • Audit Tracker needs to be accessible by all Audit Tracker still presenting problems. New solutions being identified CAATs not a current priority. To be reviewed once co-sourced partner arrangement is in operation.

4.   *Innovation, Professional Development and Capability*

No	Measure	Mechanisms	Target Outcome	Progress To Date
4.1	Training hours per member of IA *Links to IIA standards 1200, 1300 and 2000*	Log of training/professional development.	80 hours CPE every 2 years as per IIA requirements with a minimum of 20 hours in any one year.	**Target not being met.**

No	Measure	Mechanisms	Target Outcome	Progress To Date
			Training undertaken through >2 types of learning mechanisms.	
4.2	Range of knowledge skills, technical expertise and competency within IA *Links to IIA standards 1200, 1300 and 2000*	Skills assessment against the IIA competency model. Log of training/professional development. Learning needs analysis. Professional Development Plan (PDP) for each member of IA.	Increasing trend in coverage of skills, knowledge and expertise within IA when assessed against the IIA competency model. Areas of training attended align with PDP.	Job shadowing on IT Governance audit to help meet experience requirement of CISA qualification
4.3	Consideration and development of innovative methods to deliver elements of the IA framework and through IA recommendations/advice. *Links to IIA standards 1200, 1300 and 2000*	IA recommendations IA advice Implementation of initiatives as part of the IA work programme	Demonstration of considerations and innovative solutions provided through recommendations and issues raised in audit reports. CIA report to Audit, Risk and Improvement Committee outlining initiatives under development or consideration.	Innovation in delivery of IA services is a feature in the project plan with Centium and forms part of the co-sourced partnership arrangement.

IA ARIC Survey Results December 2019/January 2020

Of the 5 members of the ARIC Committee, 3 responses were received.

Using a scale of 1-5, where 1 is low and 5 is high, respondents were asked to allocate a score against the following questions:

Question	Average Score
Q1 How would you rate the effectiveness of the ARIC meetings as a forum for communication between ARIC, the Council, and Internal Audit?	3.67
Q2 How would you rate the coverage of the organisation in the latest IA schedule of audits in the IA work programme (presented to the December 2019 meeting) in line with the risk profile of Council's operations and services?	3.67

Using a scale of 1-5, where 1 is strongly disagree and 5 is strongly agree, respondents were asked to allocate a score in accordance with how much they agreed with the following statements:

Question	Average Score
Q3 IA reports of individual reviews undertaken are clear, informed and present the risk exposures and control weaknesses in a comprehensive, objective way	3.33
Q4 Information and reports provided and presented to the quarterly ARIC meetings by the Chief Internal Auditor adequately meet the needs of the Committee	3.33
Q5 The Internal Audit Charter is sufficient to ensure appropriate organisational structures, authority, access and reporting arrangements are in place for internal audit to fully comply with professional standards and provide the Committee with the required level of assurance over Council operations that have been subject to review	4.33
Q6 As a Committee member I feel I am sufficiently consulted on the performance of Internal Audit, in line with the Committee's Charter responsibilities	3.67

Additional comments:

Q1 Committee will be more effective when the Internal Audit Function is fully resourced; a mature risk management framework is in place; and outstanding merger issues are addressed.

Q2 Coverage is thorough in the context of the existing immature risk management framework. Further refinement will occur when the co-sourced service is fully integrated and risk management matures.

Q3 Current reports are useful though they may benefit from a re format to include input from the co-sourced providers ideas.

Q4 Reports have been limited to date due to a number of factors that have hampered IA efforts.

Q5: Charter is industry standard with an experienced CAE, Proof will be the operation of this agreed structure and support from the management team.

Q6 Committee is consulted. The process can be improved further as a more mature approach is taken to engaging with the IA function.

General Comments

Happy to support the IA function in its important role. We now have the opportunity with appropriate c\resources to make the IA function even more effective.

I am looking forward to an improvement in internal Audit with the co sourced partner on board. Also hopefully a stronger commitment to implementation by management of previous report recommendations implementation. Last year has been difficult because of absence of IA on sick leave and restructure still happening.

Hopefully with the co sourced model operating and so mire resources available to IA there will be an increase in effectiveness.   Also required is a greater commitment by management to effectively implementing recommendations from IA reports.

Item No:	2.4
Title:	Internal Audit Charter Update
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Report Purpose

The Internal Audit Charter has been reviewed and some minor amendments have been made. This report identifies the changes made and presents the amended IA Charter for ARIC review in line with their responsibility under clause 39(f) of their Charter.

Summary

A review of the Internal Audit Charter in line with clause 14 of that Charter and clause 39(f) of the Audit, Risk and Improvement Committee Charter.

Recommendations

1. *That the Committee <u>approve</u> the revised Internal Audit Charter as presented to this meeting.*

2. *That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

1. Context

1.1 Clause 39(f) of the Audit, Risk and Improvement Committee requires the Committee to "*periodically review(ing) the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place*".

1.2 The Institute of Internal Auditors (IIA) Professional Standard 1000 states:

"The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval."

1.3   It provides further interpretation in that it states:

"The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board."

1.4   The Charter presented to this Committee is aligned with the Office of Local Government's (OLG) model IA Charter contained in their *Guidelines for Internal Audit* issued in September 2010.

2.   REVISIONS

2.1   The latest revisions in the Charter are minor and are highlighted in red, with strikethrough of the text being replaced. The most significant changes are:

- an additional paragraph (clause 2.3) to distinguish between the work of IA and that of the Internal Ombudsman, as requested by the Governance Forum;
- reference to IA now preparing a four-year strategic plan (clauses 11.1 and 11.2), in line with the Office of Local Government's (OLG) proposals for *A New Risk Management and Internal Audit Framework For Local Councils*

3.   FUTURE DEVELOPMENTS/REVISIONS

3.1   Core Requirement 3(d) of the Office of Local Government's proposals for *A New Risk Management and Internal Audit Framework For Local Councils* reference the requirement for IA to be guided by a Charter. The indication is that "*a Model Internal Audit Charter will be drafted by the Office of Local Government in consultation with councils based on the final internal audit framework developed following consultation on this discussion paper*".   At present there is no indicative date of when this new Model IA Charter will be available.

3.2   The IA Charter will be next reviewed at the time the regulations and guidelines are issued and a revised Charter will be presented back to the Committee once the new provisions have come into effect. Until then the model IA Charter as set out in their 2010 *Guidelines* will continue to be the model used.

4.   CONCLUSIONS

5.1   The Internal Audit Charter sets the broad operating framework for the IA function. It helps as a point of reference at times of dispute and uncertainty and provides clarity on key matters such as scope of work, independence, role and authority of the IA function and reporting arrangements. The Charter helps establish good practice, independence within the organisation, is aligned with best practice as set down in the IIA's International Professional Practices Framework and is a key foundation for compliance with the OLG's expectations for Internal Audit in the local government sector.

5.2   By adopting and working within the provisions of a formal charter and being held accountable to its provisions, IA sets a benchmark for other governance, risk and compliance functions in the organisation.

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Attachments

1   Appendix 1 March 2020 IA Charter Updated   D13855620

Central
Coast
Council

Internal Audit Charter

Central Coast Council
Internal Audit Charter

1. Mission and Purpose

1.1 The mission of internal audit is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2 Internal Audit at Central Coast Council is managed by the Chief Internal Auditor who is the designated Head of Internal Audit within the organisation. Head of Internal Audit is the top position within an organisation for internal audit activities, as defined in the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.

1.3 This Internal Audit Charter is a formal statement of purpose, authority and responsibility for the Internal Audit function within Central Coast Council.

- It establishes the Internal Audit function within Central Coast Council and recognises the importance of such an independent and objective service to the organisation.

- It outlines the legal and operational framework under which Internal Audit will operate.

- It authorises the Chief Internal Auditor to promote and direct a broad range of internal audits across Council and, where permitted, external bodies.

1.4 The mandate for Internal Audit at Central Coast Council is determined by the authority of Council through:

- their recognition of the Audit, Risk and Improvement Committee as a Committee of Council;
- their approval of an Internal Audit function within the organisation structure;
- the ratified Terms of Reference/Charter for the Audit, Risk and Improvement Committee and IA function;
- the appointment of the Chief Internal Auditor and the ratification of the Internal Audit Plan.

2. Role and Authority

2.1 The Chief Internal Auditor is authorised to direct a comprehensive program of approved internal audit work in the form of reviews, previews, consultancy advice, evaluations, appraisals, assessments and investigations of functions, processes, controls and governance frameworks in the context of the achievement of business objectives.

2.2 For this purpose, all members of Internal Audit, and representatives of IA's co-sourced partner where appropriate, are authorised to have full, free and unrestricted access to all functions, property, personnel, records, information, accounts, files, monies and other documentation, as necessary for the conduct of their work.

2.3 Internal Audit's role is to independently and objectively assess management systems and controls to determine how effectively the associated risks are being managed and to make recommendations for corrective action if considered appropriate. Internal Audit's program of reviews is set down in a risk-based work programme, ratified by the Audit, Risk and Improvement Committee.   Internal Audit is

different to the Internal Ombudsman who is responsible for conducting investigations arising from complaints about administrative conduct, corrupt conduct, misconduct or maladministration.

3. Objectivity, Independence and Organisational Status

3.1 Objectivity requires an unbiased mental attitude. As such, all Internal Audit staff shall perform internal audit engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Further, it requires Internal Audit staff not to subordinate their judgment on internal audit matters to that of others.

3.2 To facilitate this approach, Internal Audit shall have independent status within Central Coast Council, and for this purpose shall be responsible directly through the Chief Internal Auditor to the Audit, Risk and Improvement Committee and administratively to the General Manager.

3.3 Internal Audit shall be independent of the activities reviewed, and therefore shall not undertake any operating responsibilities outside internal audit work. Neither shall Internal Audit staff have any executive or managerial powers, authorities, functions or duties except those relating to the management of Internal Audit. Internal Audit staff and contractors shall report to the Chief Internal Auditor any situations where they feel their objectivity may be impaired. Similarly, the Chief Internal Auditor should report any such situations to the Audit, Risk and Improvement Committee.

3.4 The work of Internal Audit does not relieve the staff of Central Coast Council from their accountability to discharge their responsibilities. All Central Coast Council staff are responsible for risk management and the operation and enhancement of internal control. This includes responsibility for implementing remedial action endorsed by management following an internal audit.

3.5 Internal Audit shall not be responsible for operational activities on a daily basis, or in the detailed development or implementation of new or changed systems, or for internal checking processes.

4. Scope of Work

4.1 The scope of services provided by Internal Audit shall encompass:

- The examination and evaluation of the adequacy and effectiveness of systems of internal control, risk management, governance and the status of ethical behaviour.
- Ascertaining conformity with the goals and objectives of Central Coast Council.
- Assessment of the economic, effective and efficient use of resources.
- The examination of compliance with policies, procedures, plans and legislation.
- Assessment of the reliability and integrity of information.
- Assessment of the safeguarding of assets.
- Any special investigations as directed by the Audit, Risk and Improvement Committee.
- All activities of Central Coast Council, whether financial or non-financial, manual or computerised.

5. Type of IA Work

5.1 The type of work may include:

> **Assurance Services** – objective examination of evidence for the purpose of providing an independent assessment of risk management, control, or governance processes for the organisation. Examples may include financial, performance, operational, compliance, system security, and due diligence engagements.

> **Consulting Services** – advisory and related client service activities, the nature and scope of which are agreed with the client and which are intended to add value and improve an organisation's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

6. Internal Audit Methodology

6.1 Internal Audit shall use the most appropriate methodology for each internal audit engagement, depending on the nature of the activity and the pre-determined parameters for the engagement. Generally, internal audits will include:

> Planning.
> Reviewing and assessing risks in the context of the audit objectives.
> Examination and evaluation of information.
> Communicating results.
> Following up on implementation of audit recommendations.

7. Operating Principles

7.1 Internal Audit shall conform with:

> The professional Auditing Standards and Code of Ethics issued by the Institute of Internal Auditors and captured within the *International Professional Practices Framework* (IPPF).
> Where relevant, the Statement on Information Systems Auditing Standards issued by the Information Systems Audit and Control Association (for information technology audits).
> Relevant auditing standards issued by the Auditing and Assurance Standards Board.

8. Internal Audit Skills

8.1 Internal Audit shall:

> Possess the knowledge, skills, and technical proficiency essential to the performance of internal audits.
> Be skilled in dealing with people and in communicating audit issues effectively.
> Maintain their technical competence through a program of continuing education.
> Exercise due professional care in performing internal audit engagements.

9. Internal Audit Conduct

9.1 Internal Audit staff shall:

> Conduct themselves in a professional manner.
> Conduct their activities in a manner consistent with the concepts expressed in the IPPF and the Code of Ethics.

10. Reporting Arrangements

10.1 The Chief Internal Auditor shall at all times report to the Audit, Risk and Improvement Committee. At each Audit, Risk and Improvement Committee meeting the Chief Internal Auditor shall submit a report summarising all audit activities undertaken during the period, indicating:

➢ Internal audit engagements completed or in progress.
➢ Outcomes of each internal audit engagement undertaken.
➢ Remedial action taken or in progress.

10.2 On completion of each internal audit engagement, Internal Audit shall issue a report to its audit customers detailing the objective and scope of the audit, and resulting issues based on the outcome of the audit. Internal Audit shall seek from the responsible senior executive an agreed and endorsed action plan outlining remedial action to be taken, along with an implementation timetable and person responsible. Responsible officers shall have a maximum of ten working days to provide written management responses and action plans in response to issues and recommendations contained in internal audit reports.

10.3 The Chief Internal Auditor shall make available all internal audit reports to the Audit, Risk and Improvement Committee and ~~Council's external auditor~~ the NSW Audit Office. However, the work of Internal Audit is solely for the benefit of Central Coast Council and is not to be relied on or provided to any other person or organisation, except where this is formally authorised by the Audit, Risk and Improvement Committee or the Chief Internal Auditor.

10.4 In addition to the normal process of reporting on work undertaken by Internal Audit, the Chief Internal Auditor shall draw to the attention of the Audit, Risk and Improvement Committee all matters that in the Chief Internal Auditor's opinion, warrant reporting in this manner. In accordance with clause 39(h) of the Audit, Risk and Improvement Committee Charter, the Chief Internal Auditor will meet with the Committee at least annually 'in camera' without the presence of management.

11. Planning Requirements

11.1 ~~Internal Audit uses a risk-based rolling program of internal audits to establish an annual Internal Audit Plan to reflect a program of audits over a 12 month period. This approach is designed to be flexible, dynamic and more timely in order to meet the changing needs and priorities of Central Coast Council.~~ In line with the Office of Local Government's proposals for *A New Risk Management and Internal Audit Framework For Local Councils (issued September 2019) the Chief Internal Auditor develops a four-year strategic plan to guide the Council's longer term audits in consultation with the governing body, CEO and senior managers. The strategic plan is approved by the Audit, Risk and Improvement Committee.*

11.2 The four year strategic plan will be revised annually and from this, the Chief Internal Auditor shall prepare an annual Internal Audit ~~Plan~~ Work Program which includes a schedule of ~~showing~~ the proposed areas for audit for the financial year.   The annual Internal Audit Plan shall be based on an assessment of the goals, objectives and business risks of Central Coast Council, and shall also take into consideration any special requirements of the Audit, Risk and Improvement Committee and senior executives.

11.3 The Chief Internal Auditor has discretionary authority to adjust the Internal Audit Plan as a result of receiving special requests from management to conduct reviews that are not on the plan, with these to be approved at the next meeting of the Audit, Risk and Improvement Committee, in accordance with clause 39(b) of the Audit, Risk and Improvement Committee Charter.

12. Quality Assurance & Improvement Program

12.1 The Chief Internal Auditor shall oversee the development and implementation of a quality assurance and improvement program for Internal Audit, to provide assurance that internal audit work conforms to the standards in the IPPF and is focused on continuous improvement.

13. Co-ordination with External Audit

13.1 The Chief Internal Auditor shall periodically consult with the external auditor to discuss matters of mutual interest, to co-ordinate annual audit activity and to reduce duplication of audit effort.

14. Review of the Internal Audit Charter

14.1 The Chief Internal Auditor shall periodically review the Internal Audit Charter to ensure it remains up-to-date and reflects the current scope of internal audit work.

15. Evaluation of Internal Audit

15.1 The Chief Internal Auditor shall develop performance measures (key performance indicators) for consideration and endorsement by the Audit, Risk and Improvement Committee as a means for the performance of Internal Audit to be periodically evaluated.

15.2 Internal Audit shall also be subject to an independent quality review at least every five years. Such review shall be in line with the IPPF and be commissioned by and reported to the Audit, Risk and Improvement Committee.

16. Conflicts of Interest

16.1 Internal auditors are not to provide audit services for work for which they may previously have been responsible. Whilst the IPPF provide guidance on this point and allows this to occur after 12 months, each instance should be carefully assessed.

16.2 When engaging internal audit contractors, the Chief Internal Auditor shall take steps to identify, evaluate the significance, and manage any perceived or actual conflicts of interest that may impinge upon internal audit work.

16.3 Instances of perceived or actual conflicts of interest by the Chief Internal Auditor or Internal Audit staff and contractors are to be immediately reported to the General Manager and Audit, Risk and Improvement Committee Chair by the Chief Internal Auditor.

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Any changes to this Internal Audit Charter will be approved by the Audit, Risk and Improvement Committee.

Approved: Audit, Risk and Improvement Committee Meeting
Date: 17 March 2020
Next Review Due: 31 December 2021

Item No:	4.1
Title:	COVID-19 Council Readiness
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13865460
Author: Shane Sullivan, Unit Manager, Governance and Business Services
Manager: Gary Murphy, Chief Executive Officer
Executive: Gary Murphy, Chief Executive Officer

Summary

This is a late report provided to the Committee outlining Council's COVID-19 readiness and preparation actions.

Recommendation

1 *That the Committee note the report and offer any additional comments to inform Council's readiness.*

2 *That the supporting papers to this Report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

The following is an update on actions taken by Council to date as a response to COVID-19.

Wednesday, 4 March 2020

Relevant Council staff undertook training on the Business Continuity Plan followed by a scenario test.

While the scenario test was a bushfire scenario the business impact was significant staff and supplier unavailability. The training and test were conducted by Council's insurer.

At the conclusion of the session Statewide provided Council with a pandemic readiness document for comment and use.

Following this session Risk and Insurance staff commenced reviewing the document and aligning it to the BCP. Staff also looked at plans from Victorian Councils who are required to have an adopted and published pandemic plan.

Across Council areas were asked to review their business requirements and identify required staff levels and business impacts.

Tuesday, 10 March 2020

F2018/00028-002 - D13865460

The Statewide Impact on Local Government document identifies four stages: prevention, response, recovery and improvement.

The Continuity Management Team (CMT - Council's Executive Leadership Team) met to work through the Statewide Plan and identified that Council was currently at the 'Prevention' stage.

A number of actions were agreed including the following:

- Confirmation of required staffing levels
- Review of contractor arrangements to understand impacts
- Review of contractor arrangements to understand alternatives
- Communication to Councillors, staff and the community

In addition, each area has been asked to review work arrangements and consider options and alternates. There was also preliminary discussion around trigger points.

The CMT also brought in the Tactical Group under the BCP to commence the agreed actions.

The BCP was not activated but the systems and processes around meetings, communication and record keeping commenced.

Monday, 16 March 2020

The CMT met again to review the actions required and determined that Council was at a **moderate** severity level in accordance with a pandemic staged activation guide sourced from Victoria.

The CMT activated the BCP at this time.

It should be noted that NSW Health is the lead agency from a community/emergency perspective. While Council has a community leadership role the BCP is focussed predominantly on the maintenance of service levels as far as is appropriate and practical.

The **moderate** level requires the following actions:

- Review services, resource levels and business continuity arrangements
- Cease all non-essential person to person contact with customers and clients
- Review cleaning and infection control procedures for communal areas
- Provide (as far as practicable) antiseptic hand wash to ingress points of Council buildings and facilities
- Investigate work from home capacity and accessibility of systems from remote locations
- Additional infection control procedures for communal areas
- Review and confirm PPE supply chain and seek to secure storage
- Review contractor impacts and seek to implement mitigation measures

- Purchase or procure (as far as practicable) health, PPE and cleaning products for 6 month supply
- Effective and appropriate management of staff reporting to be unwell or required to self isolate
- Maintain current records of staff impact
- Update community information (https://www.centralcoast.nsw.gov.au/council/news/helpful-information-on-covid-19)
- Consider closing facilities and services frequented by at risk sections of the community.
- Liaise with key agencies as they implement restrictions that have an impact on Council.

The key decisions made by the CMT were as follows:

- Events for the following week or so have been cancelled or postponed.
- Community engagement events for the next week have been cancelled or postponed.
- Staff events have been cancelled and staff are to limit travel for meetings etc.
- Staff are to identify a single location and work from there only as far as practicable until further notice.
- Testing of large scale remote working on Friday 20 March 2020 to assess capability.
- Daily review of community facilities such as libraries, seniors centres, pools and leisure centres.

In addition, there has been consultation with the Office of Local Government regarding the conduct of Council Meetings and alternate approaches are being considered and discussed.

Key communications to Councillors, staff and Unit Managers were distributed.

Meetings for the CMT and Tactical team have been set up. The CMT is meeting daily and every two days the Tactical team joins them. The Tactical team is also meeting as required.

Given the changing landscape of this issue it is noted that this information is current as at 3pm on 16 March 2020. A verbal update will also be provided.

Attachments

Nil.

Item No:	5.1
Title:	Governance Dashboard - current status
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference:	F2018/00028-002 - D13826783
Author:	Shane Sullivan, Unit Manager, Governance and Business Services
Manager:	Dr Liz Develin, Director Governance
Executive:	Dr Liz Develin, Director Governance

Report Purpose

The purpose of this report is to update the Committee on actions taken to date as a result of Council's resolution of 28 October 2019 in response to a report regarding the establishment of an Integrity and Ethical Standards Unit.

Recommendation

1   *That the Committee view the Dashboard as it is currently prepared and provide comment for future development and improvement.*

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 78 of the Audit, Risk and Improvement Committee Charter

Context

At its meeting held 28 October 2019, Council resolved in part as follows:

1015/19   That Council direct the Chief Executive Officer to:

   a   Develop a Governance Dashboard for Quarterly Reporting to Council;

   b   Increase the transparency associated with the Internal Ombudsman function by:

      i   Developing a Charter for the Internal Ombudsman (IO) to clearly describe the role and function of the IO, and the types of complaints that are investigated;
      ii   Annual reporting by the IO in Council's Annual Report;
      iii   Development of an internet page to clearly describe the IO's role and how the community can interact with them.

c   *Establish an internal forum to monitor the Dashboard and enhance communication between key functions such as Governance, People and Culture, Customer Service, Internal Ombudsman, Internal Audit, and Finance; and*

d   *Ensure mechanisms a), b) and c) are in place by the end of 2019 and the outcomes reviewed by mid-2020 so that a report can be provided to Council to determine if these activities have achieved the desired outcomes.*

Current Status

At the previous meeting of the Audit, Risk and Improvement Committee proposed measures for the Dashboard were discussed and agreed. In addition, there has been consultation with the Governance Forum as to the content.

Since that meeting, the data has been reviewed and where possible collected. It is noted that in some instances the data is unavailable due to system constraints.

The first version of the Dashboard will be shared at the meeting and comment is sought from the Committee.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Attachments

Nil.

Item No:	6.4
Title:	Central Coast Council's Data Breach Policy and Procedures
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13827464
Author: James Taylor, Section Manager Governance
Manager: Shane Sullivan, Unit Manager, Governance and Business Services
Executive: Gary Murphy, Chief Executive Officer

Report Purpose

To provide the Committee with a draft *Data Breach Policy* and *Procedures* for information and feedback.

Recommendation

1. *That the Committee receives the report on the draft Central Coast Council's Data Breach Policy and Procedures and provide feedback.*

2. *That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

Background

The Notifiable Data Breaches (NDB) Scheme, under the *Federal Privacy Act 1988* (Privacy Act), came into effect on 22 February 2018.

The NDB Scheme establishes a mandatory data breach notification scheme that requires organisations covered by the Privacy Act to notify individuals and the Australian Information Commissioner about eligible data breaches. A data breach is eligible if it is likely to result in serious harm to any of the individuals to whom the information relates.

Although the NDB Scheme applies primarily to Federal Government Agencies and private sector organisations regulated by the Australian Privacy Principles under the Privacy Act, there are provisions that apply to NSW Public Sector agencies. For Council, it is mandatory to apply the NDB Scheme to tax file numbers it holds.

Notwithstanding the limited application of the NDB scheme, Council recognises the value of applying similar controls to other data that it holds and the importance of maintaining Council's reputation for privacy protection and the security of the data Council holds.

In light of this, attached are the draft *Data Breach Policy* and *Data Breach Procedures* for the Committee's information and feedback prior to these being presented to the Chief Executive Officer for approval. Staff have drawn on a number of sources included the Georges River Council's and Camden Council's Data Breach Policies and Procedures which are considered to be better practice.

Attachments

1	Data Breach Policy	D13828823
2	Data Breach Procedures	D13828828

POLICY NO: CCC047

DATA BREACH POLICY

March 2020

AUTHORITY	NAME & TITLE
	- 4 -
AUTHOR	James Taylor, Section Manager Governance Services
MANAGER	Shane Sullivan, Unit Manager Governance and Business Services
DIRECTOR	Dr Liz Develin, Director Governance
CHIEF EXECUTIVE OFFICER	Gary Murphy, Chief Executive Officer

History of Revisions:

Version	Date	Reason	TRIM Doc. #
1	March 2020	Establishment of Policy	

Policy Rank: Operational

Table of Contents

Policy Summary

1. This policy outlines Council's commitment to protect the privacy and personal information of its customers, staff, consultants, elected representatives and the security of its data.

Purpose of the Policy

2. To protect important business assets (data) including personal information and Council's reputation.

3. To support Council's legal obligations under the NSW *Privacy and Personal Information Protection Act 1998*, *Health Records and Information Privacy Act 2002* and requirements governed by the Federal Office of the Australian Information Commissioner (OAIC) and the NSW Information and Privacy Commission (IPC) with respect to handling personal and health information.

4. To ensure effective breach management, including notification where warranted, assists the Council in avoiding or reducing possible harm to both the affected individuals/organisations and the Council, and may prevent future breaches.

5. To detail the principles, goals and responsibilities associated with the mandatory data breach notification and data response planning.

Policy Background

6. The Notifiable Data Breaches (NDB) Scheme, under the Federal Privacy Act 1988 (Privacy Act) establishes a mandatory data breach notification scheme that requires organisations covered by the Privacy Act to notify individuals and the Australian Information Commissioner about eligible data breaches.

7. Although the NDB Scheme applies primarily to Federal Government Agencies and private sector organisations regulated by the Australian Privacy Principles (APPs) under the Privacy Act, there are provisions that apply to NSW Public Sector Agencies. For Council, it is mandatory to apply the NDB Scheme to tax file numbers (TFN) it holds.

8. Notwithstanding the limited application of the NDB scheme, Council recognises the value of applying similar controls to other data that it holds and the importance of maintaining Council's reputation for privacy protection and the security of the data Council holds.

9. It is important to note that the IPC is only concerned with breaches that involve personal information. Data breaches that involve 'protected or confidential information' that is not 'personal information' do not need to be reported to the IPC.

Scope

10. This Policy applies to all persons employed at Central Coast Council, including Councillors, contractors, students, volunteers and agency personnel.

11. This Policy also applies to external organisations and their personnel who have been granted access to Central Coast Council Information Management & Technology (IMT) infrastructure, services and data.

12. The scope of the Policy includes Central Coast Council data held in any format or medium (paper based or electronic). The Policy does not apply to information that has been classified as Public.

13. Depending on the type and extent of the data breach, management of public relations may be required, including coordinating the timing, content and method of public announcements and similar activities. These activities are outside the scope of this Policy, which is limited to the immediate internal responses of business units.

General

14. A data breach occurs when there is a failure that has caused or has the potential to cause unauthorised access to Council data, such as:

    a) accidental loss or theft of classified material data or equipment on which such data is stored (e.g. loss of paper record, laptop, iPad or USB stick);
    b) unauthorised use, access to or modification of data or information systems (e.g. sharing of user login details (deliberately or accidentally) to gain unauthorised access or making unauthorised changes to data or information systems);
    c) unauthorised disclosure of classified material information (e.g. email sent to an incorrect recipient or document posted to an incorrect address or addressee), or personal information posted onto the website without consent;
    d) compromised user account (e.g. accidental disclosure of user login details through phishing);
    e) failed or successful attempts to gain unauthorised access to Council information or information systems;
    f) equipment failure;
    g) malware infection; and/or
    h) disruption to or denial of IT services.

15. A data breach most commonly, but not exclusively, results in unauthorised access to, or the unauthorised collection, use, or disclosure of, personal information.

16. Containment of a data breach is a priority for the Council. All necessary steps possible will be taken to contain any data breach and minimise resulting damage.

17. If a third party is in possession of Council's data and declines to return it, Council may seek legal or other advice on possible action available to recover the data.

18. When recovering data, Council seek to ensure that copies have not been made by a third party or, if they have, that all copies are recovered.

19. The Council recognises that notification to individuals/organisations affected by a data breach can assist in mitigating any damage for those affected individuals/organisations and reflect positively on the Council's reputation.

20. Notification demonstrates a commitment to open and transparent governance, consistent with the Council's approach.

21. In general, if a data breach creates a risk of harm to an individual/organisation, the affected individual/organisation will be notified. Prompt notification in these cases can help to avoid or lessen the damage by enabling the individual/organisation to take steps to protect themselves.

22. The logistics of notifying affected individuals/organisations will depend in large part on the type and scale of the breach, as well as immediately practical issues such as having contact details for the affected individuals/organisations.

23. The requirement for reporting a Data Breach are set out in the Data Breach Procedures.

Assessment and Responsibility

24. Where the relevant Director considers that the data breach is not a serious data breach, the responsible Unit Manager will conduct the Data Breach Response Plan in consultation with the Chief Information Officer or IM&T Business Partner as required.

25. Where the relevant Director considers that the data breach may be a serious data breach, the Response Team will convene in accordance with Council's *Data Breach Procedures*.

26. The Response Team will be responsible for conducting the Data Breach Response Plan as set out in Council's *Data Breach Procedures*.

27. The relevant Director and/or Chief Information Officer will lead the Response Team and may seek advice from other members of staff as appropriate.

28. It is not necessary that all members of the Response Team be included in all data breach responses, however, where a Directorate is affected or involved in a breach, or where a Directorate can assist in mitigating the harm caused by a breach, a listed or delegated primary or secondary contact must be involved in the response.

29. The Response Team must act promptly to appoint someone to lead the initial investigation. This person must be suitably qualified and have sufficient authority to conduct the initial investigation. In some instances, this may be a member of the Response Team or, as determined by the members of the Response Team, it will be a person most suitably qualified to carry out the initial investigation.

30. If, after evaluating the data breach, the Response Team considers that the breach is not a serious data breach, the responsible Unit Manager will be responsible for conducting the Data Breach Response Plan in consultation with the Chief Information Officer or IM&T Business Partner.

31. The Chief Executive Officer must be advised of any potential serious data breach by the relevant Director or the Chief Information Officer or their delegate.

Data Security

32. Council is committed to ensuring, as far as practicable, that the data it holds is secure from potential data breaches.

33. Council will regularly review, develop, maintain and test its systems and procedures to support data security and this Policy.

Definitions

34. **Data breach** means any failure that causes or permits, or has the potential to cause or permit, unauthorised access, disclosure, modification, use or misuse of data held by Council. Examples of data breach include, but are not limited to, the following:
    a.   A device containing data is lost or stolen.
    b.   Paper files or records containing data are lost or stolen.
    c.   A database is hacked.
    d.   Data is provided to the wrong person.
    e.   Data or information systems are used, accessed or modified without permission.
    f.   Users with permission look up data or information for unauthorised purposes eg: personal reasons.
    g.   Data is posted on a website without permission.
    h.   A user account is compromised.
    i.   Failed or successful attempts are made to gain unauthorised access to data or information systems.
    j.   Information systems or their protections fail or become unavailable.
    k.   Malware infects data or information systems.

     l.   Data is not disposed of securely and becomes public.

    m. An individual deceiving Council into improperly releasing the personal information of another person.

    n. Environmental breaches such as fire, storms and floods, biological agents and chemical spills and power outages.

35. **Response Team** means the relevant Director and/or the Chief Information Officer and any other appropriate Council Staff as determined by the Chief Information Officer.

36. **Responsible Manager** means the Manager responsible for the data subject to the breach.

37. **Serious data breach** means a data breach that is likely to result in serious harm to any individual or organisation, which may include, but is not necessarily limited to, serious financial, physical, psychological, emotional or reputational harm. Examples of serious harm include:

    a. Financial fraud including unauthorised credit card transactions or credit fraud;

    b. Identity theft causing financial loss or emotional and psychological harm;

    c. Family violence;

    d. Physical harm or intimidation;

    e. Significant commercial or reputational damage due to release of commercially sensitive information.

38. **Staff means** Council's permanent, temporary or casual employees, volunteers, and contractors.

Breaches

39. Breaches of this policy will be dealt with under Council's Code of Conduct and/or relevant legislation.

Review

40. This Policy will be reviewed annually.

Related Resources

41. Legislation:

    (a)   *Privacy and Personal Information Protection Act 1998*

    (b)   *Health Records and Information Privacy Act 2002*

    (c)   *Data Sharing (Government Sector) Act 2015*

    (d)   *Privacy Act 1988 (Cth)*

(e)   *State Records Act 1998 (NSW)*

42. Associated Documents:
    (a)   Council's *Code of Conduct*
    (b)   *Office of the Australian Information Commissioner – Data breach preparation and response guide – A guide to managing data breaches in accordance with the Privacy Act 1988 (Cth)*

    (c)   *Information and Privacy Commission – Fact Sheet – NSW Public Sector Agencies and Notifiable Data Breaches*

    (d)   *Information and Privacy Commission – Data Breach Guidance*

DATA BREACH PROCEDURES

Table of Contents

Introduction

1. Data breaches must be dealt with on a case-by-case basis by undertaking an assessment of the risks involved and using that risk assessment to decide the appropriate course of action.

2. Data security methods must be commensurate with the sensitivity of the information and any disciplinary action commensurate with the seriousness of the breach.

3. These Procedures are to be followed when responding to a breach of Central Coast Council-held data.

Breach Response Plan

4. Council's response to a data breach will be undertaken promptly to enable the organisation to contain, assess and respond to data breaches efficiently, as well as to help minimise harm to affected individuals.

5. There are four key steps required in responding to a data breach or suspected breach:
    a. Contain the breach;
    b. Evaluate the associated risks;
    c. Consider notifying affected individuals; and
    d. Review and prevent a repeat.

6. The first three steps should be carried out concurrently where possible. The last step provides recommendations for long term solutions and prevention strategies.

7. The relevant Director and/or the Chief Information Officer must be informed of any data breach to ensure the application of Council's Data Breach Policy and Procedures, and for the appropriate response to, and management of, complaints or enquiries made by the public as a result of the breach.

8. In the case of a data breach, the relevant Director and/or the Chief Information Officer must ensure that appropriate advice and information is also provided regularly to the *Unit Manager Communication and Engagement* to assist in responding to enquiries made by the public, preparing appropriate communications and managing complaints that may be received as a result of the data breach.

9. Each step is set out in further detail below.

Step 1: Contain the breach and make a preliminary assessment

10. In the event of a breach, the person who discovers the breach should immediately initiate a process of containment by taking whatever steps possible to immediately contain the breach. For example:
    a. Stop the unauthorised practice;

    b. Recover any records; and/or

    c. Shut down the system that was breached. If it is not practical to shut down the system, then revoke or change the account privileges or block access from the unauthorised person.

11. The person who discovers the breach must collect information about the breach promptly, and the details must be recorded in the Data Breach Incident Reporting Form (Appendix B).

12. They must also make an initial assessment using the Data Breach Impact Severity Ratings Form (Appendix A). The assessment is to be recorded on the Data Breach Incident Reporting Form (Appendix B).

13. The following questions should be addressed when making the preliminary assessment:
    a. What information does the breach involve?

    b. What was the cause of the breach?

    c. What is the extent of the breach?

    d. What is the harm to the affected persons that could potentially be caused by the breach?
    e. How can the breach be contained?

    f. The Response Team must be notified immediately of the breach and be provided with the Data Breach Incident Reporting Form (Appendix B).

14. The Data Breach Impact Severity Ratings Form (Appendix A) provides a standardised approach for assessing the severity of a data breach and outlines the reporting requirements for data breach notification. Staff are required to make an initial assessment and notify relevant staff of the breach in accordance with this form.

15. The purpose of the assessment is to determine whether Council reasonably believes the data breach is a serious data breach.

16. If a third party is in possession of the data and declines to return it, Council may seek legal or other advice on what action can be taken to recover the data.

17. When recovering data, the Council is to ensure that any copies that have been made by a third party are returned

Step 2: Evaluate the risk for individuals associated with the breach

18. The Response Team is responsible for undertaking a risk assessment and evaluating the risks to individuals associated with the breach, as well as the risks to Council. In undertaking a risk assessment, the Response Team should use the Data Breach Impact Severity Ratings Form (Appendix A) to determine the impact severity of the data breach.

19. The Response Team will need to determine the risk of harm to the affected individuals and determine the risk of harm to Council. The following factors are relevant when assessing the risk:

    The type of information involved
    a. Is it personal information or protected Council information?

    b. Does the type of information that has been compromised create a greater risk of harm?

    c. Who is affected by the breach?

    Determine the context of the affected information and the breach
    a. What is the context of the information involved?

    b. What parties have gained unauthorised access to the affected information?

    c. Have there been other breaches that could have a cumulative effect?

    d. How could the information be used?

    Establish the cause and extent of the breach
    a. Is there a risk of ongoing breaches or further exposure of the information?

    b. Is there evidence of theft?

    c. Is the information adequately encrypted, anonymised or otherwise not accessible?

    d. What was the source of the breach? (risk of harm may be lower where source of the breach is accidental rather than intentional)
    e. Has the information been recovered?

    f. What steps have already been taken to mitigate the harm?

    g. Is this a systemic problem or an isolated incident?

    h. How many persons are affected by the breach?

    Assess the risk of harm to the affected persons
    a. Who is the recipient of the information?

      b. What harm to persons could result from the breach?

      Assess the risk of other harms
      a. Other possible harms, including to the agency or organisation that suffered the breach. For example:
      b. The loss of public trust in Council

      c. Reputational damage

      d. Legal liability

      e. Breach of secrecy provisions

20. Some types of data are more likely to cause harm if released. For example, personal information, health information, and secured or classified information, or commercially sensitive information, will generally be more significant than other data. Alternatively, strongly encrypted data may be less likely to cause harm.

21. A combination of data will typically create a greater potential for harm than a single piece of data (for example, an address, date of birth and bank account details, if combined, could be used for identity theft).

22. A thorough evaluation of the risks will assist the Council in determining the appropriate course of action to take.

23. After completing the Data Breach Incident Reporting Form (Appendix B), the Response Team must decide whether further investigation into the data breach is required and document how this will be undertaken, where applicable.

24. Further actions may include interviews (or further interviews) with staff involved and/or affected, or the request of further investigation by appropriate Council staff into system failures or IM&T security issues.

Step 3: Consider Breach Notification

25. The Response Team must consider the particular circumstances of each breach and determine the level of notification within Council, using the Data Breach Impact Severity Ratings Form (Appendix A).

26. In general, if a data breach creates a real risk of serious harm to a person, the affected person should be notified. If the data breach is a serious breach, affected individuals and/or organisations must be notified

27. Council recognises that notification to individuals/organisations affected by a data breach can assist in mitigating any damage for those affected individuals/organisations by enabling the individuals/organisation to take steps to protect themselves.

28. Affected individuals/organisations may be able to be advised to take precautionary steps such as being asked to change passwords or other details, being alert to phishing attacks or not accessing particular databases or data.

29. The key consideration is whether notification is necessary to avoid or mitigate serious harm to an affected person. Consider the following factors:
    a. What is the risk of serious harm to the person/organisation as determined by step two?

    b. What is the ability of the person/organisation to avoid or mitigate possible harm if notified of a breach (in addition to steps taken by the agency or organisation)?

    c. Even if the person/organisation would not be able to take steps to fix the situation, is the information that has been compromised sensitive or likely to cause humiliation or embarrassment?

    d. Are there any applicable legislative provisions/legal or contractual obligations that require Council to notify affected individuals/organisations and what are the consequences of notification?

    e. What steps has Council taken to date to avoid or remedy any actual or potential harm?

    f. Even if the individual/organisation would not be able to take steps to rectify the situation, is the information that has been compromised sensitive, or likely to cause humiliation or embarrassment for the individual/organisation?

30. Notification Process:
    a. In general, notification should occur as soon as reasonably possible, however in some instances, a delay may be necessary;

    b. Notification should be direct either by phone, letter, email or in person, to the affected individuals;
    c. Indirect notification, either by website, posted notices or media should only occur where direct notification could cause further harm, is cost prohibitive or the contact information for affected persons is unknown.

31. The content of the notification will vary depending on the breach and notification method. However, the Federal Office of the Australian Information Commissioner (OAIC) recommends that notifications should include the following information:
    a. Incident description;

    b. Type of information involved;

    c. Response to the breach;

    d. Assistance offered to affected persons;

    e.   Other information sources designed to assist in protecting against identity theft or interferences with privacy (such as OAIC);

    f.   Central Coast Council's contact details;

    g.   Whether breach notified to regulator or other external contact(s);

    h.   Legal implications (e.g. the secrecy provisions);

    i.   How individuals can lodge a complaint with Council;

    j.   How individuals can lodge a complaint with the OAIC (where the information is personal information).

32. Depending on the circumstances of a data breach (such as an intentional or suspected serious data breach) and the categories of data involved, it may be appropriate to notify other agencies/third parties, such as:

    a. The OAIC.

    b. NSW Information and Privacy Commission

    c. The NSW Police.

    d. State or Federal agencies

    e. Council's Insurance providers.

    f. Credit card companies, financial institutions/services providers.

    g. Professional or other regulatory bodies.

    h. Other internal or external parties who have not already been notified.

    i. Agencies that have a direct relationship with the information lost/stolen (example – Health Agencies).

33. The OAIC strongly encourages agencies to report serious data breaches involving personal information. The following factors should be considered in deciding whether to report a breach to the OAIC:

    a. Any applicable legislation that may require notification

    b. The type of personal information involved and whether there is a real risk of serious harm arising from the breach

    c. Whether a large number of people were affected by the breach

    d. Whether the information was fully recovered without further disclosure

    e. Whether the affected individuals have been notified

f. If there is a reasonable expectation that the OAIC may receive complaints/inquiries about the breach

34. The Response Team is responsible for preparing a briefing note and a report for consideration to the required person(s), as stipulated in the Data Breach Severity Ratings Form. The report should provide the appropriate recommendation of further action if any and the reasoning for the recommendations.

35. Any report incidents of suspected misconduct must also be reported to Council's Internal Ombudsman as soon as practicable by the relevant Director or Chief Information Officer or their delegate.

36. If the data breach contains any personal information Council's Privacy Officer should be notified and will then conduct the required Privacy Review which will, if proceeding past preliminary investigations stage, involve notification to the NSW Privacy Commissioner.

37. As a matter of good practice, Council's Chief Executive Office may also notify the NSW Privacy Commissioner of a data breach where required and when the circumstances indicate that it is appropriate to do so.

38. Notification by Council's Chief Executive Office to the NSW Privacy Commissioner does not need to contain the personal information about the affected individuals, however it should include:
    a)   a description of the breach;
    b)   the type of data involved in the breach;
    c)   what response the Council has made to the breach;
    d)   what assistance has been offered to affected individuals;
    e)   the name and contact details of the appropriate Council contact person; and
    f)   whether the breach has been notified to other external contact(s).

39. There are occasions where notification can be counter-productive. For example, information collected may be less sensitive and notifying individuals/organisations about a privacy breach that is unlikely to result in an adverse outcome for the individual/organisation may cause unnecessary anxiety and de-sensitise individuals to a serious privacy breach.

40. The Notifiable Data Breaches (NDB) Scheme, under the Federal Privacy Act 1988 (Privacy Act), came into effect on 22 February 2018. Where a serious data breach is subject to the NDB Scheme (which for Council is currently limited with respect to TFNs), Council must promptly notify individuals at likely risk of serious harm as well as the OAIC. The notification must include:

    a. Information identifying Council and its contact details;

    b. A description of the data breach;

    c. The kinds of information concerned; and

d. Recommendations about the steps that individuals should take in response to the data breach.

41. If it is not practicable to contact individuals, the NDB Scheme requires that Council publish a copy of the statement prepared for the OAIC on Council's website and take reasonable steps to publicise the contents of the statement. Further guidance is available on the OAIC's website.

42. Council may become subject to other legislation relevant to data breaches impacting on other agencies. For example, under the *Data Sharing (Government Sector) Act 2015*:

a. If Council is the recipient of data from another NSW Government agency that contains personal information or health information, and

b. Council becomes aware that the *Privacy and Personal Information Protection Act 1998* or the *Health Records and Information Privacy Act 2002* has been or is likely to be contravened in relation to that information while in Council's control

43. In such instances, Council must inform the other agency and the NSW Privacy Commissioner of the contravention as soon as practicable after becoming aware of it.

Step 4: Review the incident and take action to prevent future breaches

44. The Response Team must ensure that the cause of the breach has been fully investigated, and that the appropriate people have been briefed on outcomes and recommendations. This includes investigating the circumstances of data breaches to determine all relevant causes and consider what short or long-term measures can be taken to prevent any reoccurrence.

45. At a minimum, amendments to relevant policies and procedures should be made where necessary, and staff training should be undertaken where deemed appropriate. A debriefing session should be held with relevant staff to assess the response to the breach, and to ensure any necessary recommendations are allocated and actioned appropriately.

46. The significance of the breach should be reviewed as to whether it was an isolated event or a recurring breach. A prevention plan should include:
a. a security audit of both physical and technical security

b. a review of employee selection and training practices

c. a review of policies and procedures to reflect the lessons learned from the investigation

d. staff training in responding to data breaches effectively
e. review of contracted service providers

Expected Response Timing for types of data breaches

47. A member of staff should report a known or suspected data breach to their Unit Manager and the relevant Director and/or the Chief Information Officer. The breach must be reported as soon as practicable and at the latest within 24 hours of the breach becoming known.

48. The Data Breach Procedures should be followed in all instances of a data breach. The specific activities and the expected response timing of these steps will vary, depending on the incident type and the severity rating of the incident.

49. These Procedures may be used to provide Response Teams with assistance to develop their own response timings that will relate directly to their data collection.

Data Retention

50. When a data breach incident is being investigated, all records are to be documented and recorded in Council's Document Management System (Content Manager), including all related documents and supporting evidence of a breach. It is the responsibility of the Response Team to ensure these records are saved to a common location.

Appendix

51. Appendix A – Data Breach Impact Severity Ratings Form

52. Appendix B - Data Breach Incident Reporting Form.

Appendix A – Data Breach Impact Severity Ratings Form

Impact Type	Severity				
	Lowest ·---· Highest				
Impact Severity	**1. NEGLIGIBLE**	**2. LOW**	**3. MEDIUM**	**4. HIGH**	**5. VERY HIGH**
Risk to individual safety due to unauthorised access or disclosure of classified information	No injury/minimal risk to personal safety	Single injury/low risk to personal safety of client/employee	Multiple injuries/moderate risk to safety of client/employee	Death/disabling injury/high risk to safety of client/employee	Multiple deaths or disabling injuries/very high risk to safety of client/employee
Distress caused to any party or damage to any party's standing or reputation	Negligible, no public concern – only routine internal reporting	Minor distress, minor damage – visible limited/localised media interest, internal reporting	Substantial short-term distress – restricted negative publicity from local media, internal inquiry	Substantial long-term distress – main stream media report, internal inquiry	Substantial long-term distress to multiple parties – broad public concern and media coverage.
Non-compliance – unauthorised release of information classified as Personal to a third party	Minor compliance issues – no or negligible impact, offence punishable by warning / no fine	Short to medium term action required – minor impact, offense punishable by small fine	Immediate action needed to achieve compliance – measurable impact, offense punishable by minor fine	Shutdown of service for non-compliance – significant impact, offence punishable by major fine.	Shutdown of multiple services for non-compliance – major consequences to a person or council
Threat to Council's capacity to deliver services due to information security breach	No or negligible threat to, or disruption of business or systems or service delivery	Minimal threat to, or disruption of localised business or systems or service delivery	Moderate threat to or cessation of a service for a week, and subsequent disruption	Multiple essential/critical services impaired, or disrupted over a month	Cessation of multiple essential/critical services for several months
Impact on Council finances, economic or commercial interests	No or negligible impact – consequences resolved by routine operations	Minor impact on finances, economic or commercial interests	Moderate impact – disadvantage caused to the government in commercial or policy negotiations	Substantial – damage to finances, economic or commercial interests	Substantial – damage to finances, economic or commercial interests
Impact on development or operation of major government policy	No or negligible impact – consequences resolved by routine operations	Minor – impact on efficiency or effectiveness, managed internally	Impede effective development or operation – significant review or changes required	Seriously impede development or operation – project or program may not survive	Substantially impede operation or development
Level of reporting required	Report required to be submitted to Response Team	Report required to be submitted to Response Team and Director	Report to be submitted to Response Team, and if appropriate Director / Chief Executive Officer	Report to be submitted to Response Team, Director, Chief Executive Officer and OAIC	Report to be submitted to Response Team, Director, Chief Executive Officer and OAIC.

Appendix B - Data Breach Incident Reporting Form	
Full name	
Position Title and Department	
Contact information	**Phone:** **Email:**
Data Breach Impact Severity Rating	
Details of the Incident	
When and where did the breach occur	
Estimated number of individuals affected.	
Description of immediate actions taken to contain the data breach.	
Was anyone else notified of the data breach? (i.e. health service, NSW Police etc.) Contact details and when.	
Cause and estimated cost of the data breach (if known).	
Has evidence been preserved? Please specify.	
Is further investigation considered necessary and how will this be undertaken?	
Have steps been taken to prevent the breach from occurring again?	
Remedial action proposed to be taken (include dates)	
Is there a need to notify Council's Internal Ombudsman or Privacy Officer?	
Signature: **Date**	

Item No:	6.5
Title:	Governance and Risk activities update
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Summary

The purpose of this report is to provide the Committee with an update on key Governance and Risk activities.

Recommendation

1. ***That the Committee note the report of Governance and Risk activities.***

2. ***That the supporting papers to this Report not/be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.***

The following update is provided for the information of the Committee.

Enterprise Risk Management Framework

At its meeting held 4 December 2019, the Audit, Risk and Improvement Committee made the following decision:

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.*

Council has since engaged Capital Insights to undertake a review of the Enterprise Risk Management Framework in accordance with the above and to conduct workshops with Managers in the organisation.

In February, focus group of staff worked with Capital Insight to undertake a maturity assessment of Council's enterprise risk maturity. Following this, workshops were conducted with Unit Managers in Directorate groups to discuss risk management and corporate risks.

A further session will be conducted with the Executive Leadership team to present the findings and to work with them to identify and agree key corporate risks.

Upon completion of the engagement, staff will finalise an action plan for the ongoing management and improvement of the Enterprise Risk Management Framework.

Business Continuity Planning

The Business Continuity Plan will have been tested on Wednesday, 4 March 2020. A verbal update of outcomes and actions will be provided at the meeting.

Fraud and Corruption Prevention Action Plan

In late 2019, the Council adopted a Fraud and Corruption Prevention Strategy which includes a Policy, Procedures and an Action Plan. The Action Plan is still to be developed.

Council has engaged Statewide to undertake a Fraud and Corruption Prevention Maturity Assessment. This work is being undertaken in March 2020 and will result in the following:

- Heat map of fraud and corruption risks.
- Identification of top 10 corporate fraud and corruption risks; and
- A report of recommendations and actions.

Using this report and information, an Action Plan will be developed, and it is anticipated that this will be presented to the Audit, Risk and Improvement Committee at the June 2020 meeting.

This is a service provided as part of Council's membership of Statewide and resulted in no additional cost to Council.

Legislative Compliance

The Legislative Compliance Register was presented in late 2019 to the Leadership team (ELT and Unit Managers). It has been provided for updating with the first report to be created following 30 June 2020.

Attachments

Nil.

Item No:	6.6
Title:	Audit, Risk and Improvement Committee Self Assessment Survey Summary Report
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Report Purpose

To provide the Committee with the results of the Audit, Risk and Improvement Committee Self-Assessment Survey and seek comment as to the key areas for action.

Recommendation

1. *That the Committee receive the Audit, Risk and Improvement Committee Self-Assessment Survey Summary Report that is Attachment 1 to this Report.*

2. *That the Committee identify the key points that they consider should be included in a draft ARIC Action Plan to address common themes and issues identified in the Self-Assessment Survey.*

3. *That the Committee makes a recommendation 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.*

Context

Council established an Audit, Risk and Improvement Committee (ARIC) by Council Resolution at the Ordinary Meeting held 26 April 2017. In accordance with the Audit, Risk and Improvement Committee Charter, a formal review is required to be undertaken at least once every two years to assess the ARIC's performance. The review is conducted on a self-assessment basis, with input also sought from key stakeholders.

The Self-Assessment Survey (the Survey) was developed to facilitate this review and the Survey Report (providing a summary of the survey results) is **Attachment 1** to this report.

The survey was distributed to all ARIC Members via email on Tuesday 28 January 2020. It was also sent to key stakeholders, being Council's Chief Executive Officer, Chief Finance Officer, Chief Internal Auditor and Director Governance on the same day. A total of nine people were asked to complete the survey and seven responses were received.

Section One of the Survey contained five open ended questions seeking comments and feedback on ARIC's performance to date.   Section Two of the Survey contained 39 positively framed statements and those completing the survey answered **67.4%** (a clear majority) of the time as either *agreed* or *strongly agreed* to the comments made.

It is recommended that the the Committee identify the key points that they consider should be included in a draft ARIC Action Plan to address common themes and issues identified in the Survey.

An example of some themes identified across Section One and Two, which could be areas for the Action Plan to address, include, but are not limited to, the following:

1. While the independent external members are regarded as highly skilled and knowledgeable, there was a suggestion that there needs to be greater diversity.

    Comments: There is a strong presence of financial management skills, however respondents feel this needs to be broadened to include other key areas such as risk management and corporate improvement, while also maintaining a strong financial management skillset within ARIC. Phased reappointment as required under the ARIC Charter will address with this and this is the suggested action to be undertaken.

2. Risk management should be a key focus for the ARIC moving forward.

    Comments: The Committee has recognised this and risk management is a key focus for upcoming meetings. It is suggested that the action to address this is making risk management a standing item with an accompanied written report/update on the Agenda.

3. While ARIC provides efficient support for the Internal Audit function by reviewing and considering audit plans, reports, and identifying issues, there is an identified need for follow up on implementation of actions recommended from audits, as well as for work to be undertaken in the internal audit space.

    Comments: This is not only perceived as a required focus area for ARIC, but also management and the Council. The suggested action to be undertaken as a result of this will need to be developed with IA.

Next Steps

Following on from this staff will finalise a draft Action Plan in consultation with ARIC members and Senior Staff, with a further report being provided to the 17 June 2020 Ordinary ARIC Meeting for final review and approval of the Action Plan by ARIC.

The ARIC approved Action Plan will then be presented to the 27 July 2020 Ordinary Council Meeting, along with the attached Survey Report.

Attachments

1 ARIC Self Assessment Survey Summary Report   D13844730

Audit, Risk and Improvement Committee

Central Coast Council

Self-Assessment Survey Outcomes Report

February 2020

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Executive Summary

Council established an Audit, Risk and Improvement Committee (ARIC) by Council Resolution at the Ordinary Meeting held 26 April 2017. In accordance with the Audit, Risk and Improvement Committee Charter, a formal review is required to be undertaken at least once every two years to assess the ARIC's performance. The review is conducted on a self-assessment basis, with input also sought from key stakeholders.

A survey was developed to facilitate this review and is shown at *Appendix One.* There were two sections to the survey. The first section contained five questions which required a short answer and were designed to obtain the overall views of the ARIC and where it should focus moving forward. The second section contained more specific questions relating to the responsibilities of the ARIC as identified in the ARIC Charter. These questions were presented as a five-point Likert scale, where respondents could indicate their level of agreement with various statements.

Summary survey results indicated that ARIC effectively met its external accountability requirements, particularly in terms of financial reporting and review of financial statements. This is likely due to the presence of Independent External Members with accounting and financial management experience.

The survey indicated that Independent External Members are regarded as highly skilled and knowledgeable but that there is a need for greater diversity. There is a strong presence of financial management skills, however respondents felt this needs to be broadened to other key areas such as risk management and corporate improvement.

Based upon the survey feedback, risk management should be a key focus for the ARIC moving forward. The current gap analysis and maturity assessment process will assist with this.

The survey results indicated that there is an identified need for follow up on implementation of actions recommended from audits. This is not only perceived as a focus area for ARIC, but also for management and Council. It was noted in the survey that ARIC provides efficient support for the Internal Audit function by reviewing and considering audit plans, reports, and identifying issues.

The survey results will be presented to ARIC at the next ARIC Ordinary Meeting (17 March 2020) and the actions set out at the end of this report under the heading **Next Steps** will be undertaken.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Outcomes of Survey

The survey was distributed to all ARIC Members via email on Tuesday 28 January 2020. It was also sent to key stakeholders, being Council's Chief Executive Officer, Chief Finance Officer, Chief Internal Auditor and Director Governance on the same day. The closing date for submissions was Monday 10 February 2020.

A total of seven responses out of the nine requested were received. All responses were treated as confidential and accordingly the respondents are not identified in this report. This report provides the percentages to which respondents agree or disagree, as well as identifying trends between responses and some common themes across Section One and Two of the survey.

Section One – General Feedback

The following five questions addressed the overall view of the ARIC and areas for improvement.

Q1   What does ARIC do well?

Respondents identified meeting logistics as a strength, noting that meeting papers are often distributed in a timely manner, agendas cover a range of issues and the meetings are Chaired well.

It was noted that the ARIC provides sound support to the Internal Audit (IA) function through review of programs, and advice to management and Council on the Annual Financial statements.

The Independent External Members are regarded as highly skilled and knowledgeable.

Q2   What could ARIC improve?

While respondents noted that financial experience is currently strongly represented by the Independent External Members, some responses indicated there was a lack of diversity with regard to skills and experience.

Responses noted there is a need for better follow up regarding the implementation of recommendations from audits (both internal and external). Similarly, there is insufficient focus on risk management and aspects of corporate improvement. There was a request for political issues and matters arising in Council meetings that are often not matters to be considered by ARIC to be excluded from the agenda/discussion.

There were also suggestions that the ARIC should have more robust discussion to provide advice back to management and Council on key items such as identified and potential risks, management of major capital projects, and significant challenges facing Council and the Central Coast region.

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Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Q3   How can Council assist ARIC meet its responsibilities?

The responses noted a need for more commitment from management and Council on implementation of audit recommendations. This was an area for improvement as noted above.

A desire to continue Director and subject matter expert briefings was expressed, particularly in the areas of cyber security and risk. A reinforcement of risk management initiatives was also noted.

Respondents would also like staff to continue to arrange site tours in order to acquaint ARIC members with Council assets and functions. It was also noted that the link between Council and ARIC members should be improved, with a suggestion of ARIC members attending Councillor workshops as appropriate.

There were also suggestions that the Reports prepared for ARIC also need to be an integral part of the management of the organisation and Council should consider ensuring that all ARIC reports are simple, succinct and significant.

Regarding support of the ARIC, it was suggested that induction training be provided for independent external members to strengthen their understanding of the organisation. Moreover, the importance was raised of ensuring that meeting agendas align to the ARIC Charter, and that Charter requirements are being met.

Q4   Are there areas of Council that ARIC needs to understand better?

It was noted that Council has experienced a high number of senior staff movements in recent years and this would have had an impacted on various aspects of Council's operations. The extent of this impact is not clear to the ARIC Members but it would be useful to understand.

Following the above, it was noted that ARIC needs a better understanding of Council's staffing profile, organisation culture, regional demographics, and future direction in matters such as risk management, water and sewer regulation and operation, and major contracts held by Council. An improved understanding of the organisation could also be facilitated by site tours and engagement opportunities, such as the ARIC members attending Councillor workshops.

Information Management and Technology (IM&T) functions including cyber security and plans for system consolidation were also identified as an area ARIC could improve their understanding of.

Q5   What should ARIC focus on for the next two/three years?

One of the key aspects that respondents suggested ARIC focus on moving forward was the implementation of audit functions. As noted above, this is an area for improvement and will require assistance from management and Council.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Risk management was another area identified for focus, with development of the Risk Management Framework being a key component of this.

It was also noted that ARIC should continue to provide support for management as they improve corporate governance and develop markers of productivity. This will be aided by an improved understanding of organisational culture and performance measurement.

In terms of legislative compliance, it was noted that ARIC will need to be across its expanded role and expectations arising from the pending Office of Local Government reforms and in accordance with ARIC legislative obligations.

Section Two – ARIC Responsibilities

Section Two contained 39 positively framed statements pertaining to ARIC's responsibilities as identified in the ARIC Charter. Respondents were required to select a response based on their level of agreement with the statement using a *Likert scale*.

A *Likert scale* is a rating scale that measures how people feel about something. An effective *Likert scale* include a series of questions that you ask people to answer, and ideally five to seven balanced responses people can choose from and it often comes with a neutral midpoint. In the survey, respondents were provided five balanced responses to can choose from with a neutral midpoint.

Of the answers provided in Section Two, respondents answered **67.4%** (a clear majority) of the time as either *agreed* or *strongly agreed* to the comments made. Noting that the questions were positively framed, this indicates that the majority feel that ARIC is functioning/performing at the expected level. The following is a summary of the responses received in Section Two:

Option	Percentage
Strongly Agree	17.6%
Agree	49.8%
Don't Know / No Response	15.0%
Disagree	13.9%
Strongly Disagree	3.7%

TOTAL	100%

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Outcomes are detailed below in line with the key areas in the ARIC Charter.

Please note the following percentage referenced has been used to represent respondents who selected that answer out of the seven responses:

- 7 out of 7 = 100%
- 6 out of 7 = approximately 85.7%
- 5 out of 7 = approximately 71.4%
- 4 out of 7 = approximately 57.1%
- 3 out of 7 = approximately 42.9%
- 2 out of 7 = approximately 28.6%
- 1 out of 7 = approximately 14.3%

Risk Management

- 57.1% of respondents agreed ARIC understands and reviews Council's Risk Management Framework and whether an effective approach is being following in managing Council's major risks. 28.6% Disagreed/Strongly Disagreed and 14.3% Don't Know or Did Not Respond.

Control Framework

- 85.7% of respondents agreed ARIC understands and reviews management's systems and arrangements for maintaining effective internal controls. 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed ARIC understands and reviews Council's Fraud and Corruption Control framework. 14.3% Disagreed and 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed that ARIC understands and reviews the effectiveness of Council's strategic plan and delivery program. 28.6% Disagreed/Strongly Disagreed.

External Accountability

- 100% of respondents agreed/strongly agreed that ARIC understand Council's financial reporting requirements.
- 85.7% of respondents agreed that sufficient time is given to review, discuss and consider the annual financial statements. 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed that ARIC is satisfied that Council's annual financial reports comply with applicable legislation and Australian accounting standards and are supported by appropriate management sign-off on Council's financial statements. 28.6% Don't Know or Did Not Respond.
- 85.7% of respondents agreed/strongly agreed ARIC considered contentious financial reporting matters in conjunction with Council's management and External Auditor. 14.3% Disagree.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Legislative Compliance

- 57.1% of respondents agreed that ARIC effectively reviews Council's compliance with relevant laws and legislation. 28.6% Disagreed/Strongly Disagreed and 14.3% Don't Know or Did Not Respond.

Internal Audit (IA)

- 85.7% of respondents agreed/strongly agreed that ARIC meets its responsibilities to review and consider audit plans, reports and identify issues. 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed that ARIC has reviewed and approved the forward internal audit plan, ensuring it was developed in consultation with ELT and the Committee. 14.3% Disagreed and 14.3% Don't Know or Did Not Respond.
- An equal number (42.9%) of respondents agreed and disagreed that the internal audit resources were adequate for the completion of the internal audit program. 14.3% Don't Know or Did Not Respond.
- 57.1% of respondents disagreed that ARIC monitored the implementation of internal audit recommendations and obtained all information and or explanations it considers relevant to the progress of implementation of audit recommendations. 28.6% Agreed and 14.3% Don't Know or Did Not Respond.
- 57.1% of respondents agreed that the audit reports provided to ARIC were appropriate for the business needs of Council. 14.3% Disagreed and 28.6% Don't Know or Did Not Respond.
- 42.9% of respondents agreed that the audit reports provided to ARIC were structured, concise and constructive. 28.6% Disagreed and 28.6% Don't Know or Did Not Respond.
- 42.9% of respondents agreed that the recommendations provided in the audit reports to ARIC were realistic and resulted in improvements to current procedures. 28.6% Disagreed and 28.6% Don't Know or Did Not Respond.
- 57.1% of respondents agreed that the conclusions reached in the audit reports provided to ARIC were adequately supported by relevant evidence and reflected a realistic understanding of the area under review. 14.3% Disagreed and 28.6% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed ARIC meets with internal audit and discusses internal control deficiencies discovered during the course of its work, its recommendations for addressing the deficiencies, and management's response. The Committee then monitors the status of management's corrective action. 14.3% Disagreed and 14.3% Don't Know or Did Not Respond.
- 100% of respondents agreed/strongly agreed ARIC pre-approves the audit work to be performed.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

External Audit

- 57.1% of respondents agreed/strongly agreed that ARIC discusses key issues with management and the External Auditor. 28.6% Disagreed and 14.3% Don't Know or Did Not Respond.
- 85.7% respondents agreed that ARIC reviews recommendations made by External Auditor, including whether appropriate action has been taken in response to audit recommendations and adjustments. 14.3% Don't Know or Did Not Respond.

Responsibilities of Members

- 85.7% of respondents agreed/strongly agreed that ARIC has at least one member has accounting or related financial management expertise. 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed that ARIC has reviewed the processes in place to ensure financial information included in the annual report is consistent with the signed financial statements. 28.6% Don't Know or Did Not Respond.
- 100% respondents agreed/strongly agreed that ARIC members have attended meetings on a regular basis.
- 71.4% of respondents agreed/strongly agreed that ARIC has received all information, presentations, or explanations it considers necessary to fulfil its responsibilities. 28.6% Disagreed/Strongly Disagreed.
- 71.4% respondents agreed/strongly agreed that the Chair drives agenda setting, calling on support from management as needed. 14.3% Disagreed and 14.3% Strongly Disagreed.
- 71.4% of respondents agreed/strongly agreed that sufficient time is provided for private meetings with internal audit, external auditors and management. 14.3% Strongly Disagreed and 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed that the ARIC members understand the Council's business sufficiently to enable the Committee to fulfil its responsibilities under the Charter. 14.3% Strongly Disagreed and 28.6% Don't Know or Did Not Respond.
- An equal number (42.9%) of respondents agree/strongly agreed and disagreed/strongly disagreed that the mix of skills on the Committee allows it to effectively perform its responsibilities. 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed/strongly agreed that ARIC's overall financial literacy is adequate in light of the committee's responsibilities. 14.3% Disagreed and 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed that the ARIC has responded appropriately and taken the required action where significant risks and/or control breakdowns have been brought to its attention. 14.3% Disagreed and 28.6% Don't Know or Did Not Respond.

Reporting

- 71.4% of respondents agreed that the meeting minutes are appropriately maintained and are of a good quality. 14.3% Disagree and 14.3% Don't Know or Did Not Respond.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

- 71.4% of respondents agreed the annual report to Council is of an appropriate quality and is provided to Council on a timely basis. 28.6% Disagreed/Strongly Disagreed.
- 71.4% of respondents agreed the members carefully review draft meeting minutes to ensure that they capture the essence of issues and discussion. 28.6% Don't Know or Did Not Respond.

Administrative Arrangements

- 71.4% of respondents agreed that meetings have been conducted in accordance with the agenda issued and allow sufficient time to discuss complex and critical issues. 14.3% Disagreed and 14.3% Don't Know or Did Not Respond.
- 71.4% of respondents agreed that meeting agendas and supporting papers are of sufficient clarity and quality to make informed decisions. 28.6% Disagreed.
- 71.4% of respondents agreed that meetings have been conducted in a way that allows members to raise any issue they believe relevant and allow for open, frank and robust discussion of all matters raised. 28.6% Disagreed/Strongly Disagreed.
- 85.7% of respondents agreed/strongly agreed that there is a schedule of all planned ARIC meetings for the year, which maps how the Committee's responsibilities are addressed over the year. 14.3% Disagreed.
- 57.1% of respondents agreed that advance preparation materials contain the appropriate level of detail and are distributed with sufficient time before meetings to allow members to prepare. 14.3% Disagreed and 28.6% Don't Know or Did Not Respond.

Next Step

The feedback received will assist ARIC in continuing to meet meeting their responsibilities in accordance with the ARIC Charter.

The following steps are proposed to review the survey feedback, develop an action plan in response and report against progress to both at ARIC and the Council.

Date	Acton
17 March 2020	Survey Report provided to ARIC for review and to provide feedback. Creation by ARIC of a draft Action Plan to address common themes and issues identified.
27 April 2020	Report to Council Ordinary Meeting to provide Survey Report and draft Action Plan, along with ARIC Minutes.

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18 March 2020 to 9 June 2020	Finalisation of draft Action Plan
17 June 2020	Report to ARIC setting out proposed actions for agreement.
27 July 2020	Report to Council providing Action Plan with ARIC Minutes
Ongoing	Progress against Action Plan to be reviewed every second ARIC meeting
January 2022	Conduct further ARIC performance survey and present comparative information.

Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Appendix 1 - ARIC Survey

Audit, Risk and Improvement Committee Self-Assessment Questionnaire

As part of the Audit, Risk and Improvement Committee Charter, a formal review of the Committee is required to be undertaken every two years.

This questionnaire is designed to assist in assessing the Audit, Risk and Improvement Committee's (the Committee) performance for the purpose of this review. The questionnaire is intended to be completed by each Committee member, other regular participants at the Committee's meetings (as approved by Council's Chief Executive Officer) and Council staff who are involved with the Committee.

Sections 1–5 of the assessment are designed to obtain the overall views of the Committee and where it should focus moving forward.

Sections 6–10 contain more specific questions. Committee members and stakeholders are asked to indicate, from a score of 1–4, whether they agree or disagree with the statements made. Participants also have the opportunity to provide Comments and/or suggestions for improvement.

Once the completed surveys have been received and collated a draft report will be prepared. This report will be provided to Audit, Risk and Improvement Committee members for their comment prior to providing the final report (incorporating comments) to Council on 23 March 2020.

Responses will be treated as confidential. However, we require the following information so that we understand what feedback has come from Committee members and what feedback has come from regular attendees etc:

Date:		
Completed By:	**Name:**	
	Role:	

Please return the completed form by 9am Monday 10 February 2020 using any of the methods below:

- Email to   James.Taylor@centralcoast.nsw.gov.au
- Deliver in person to   James Taylor, Level 8 49 Mann Street, Gosford.
- Post: P.O. Box 21 Gosford, NSW 2250

All sections should be completed to the best of the respondent's ability. Any comments or suggestions to improve the effectiveness of the Committee would be appreciated.

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Audit, Risk and Improvement Committee
Self-Assessment Questionnaire

1.   **What does the Central Coast Council Audit, Risk and Improvement Committee do well?**

2.   **Are there areas in which the Audit, Risk and Improvement can improve? How can they be improved?**

3.   **What else can Council management do to assist the Committee meet its responsibilities?**

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Audit, Risk and Improvement Committee
Self-Assessment Survey Outcomes Report

Audit, Risk and Improvement Committee
Self-Assessment Questionnaire

4.   Are there areas of Council that the Committee needs to understand better?

5.   What should the key areas of focus be for the Audit, Risk and Improvement over the next two/three years?

Audit, Risk and Improvement Committee
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Central Coast Council

Audit, Risk and Improvement Committee
Self-Assessment Questionnaire

Central Coast Council

6.	The Committee responsibilities are in the areas of: Risk Management; Fraud Control; Internal Control; Financial Management; Strategic Planning and Performance Reporting.	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a)	The Committee adequately understands and reviews Council's financial reporting requirements.	◯	◯	◯	◯	◯
(b)	The Committee effectively reviews the effectiveness of the system for monitoring Council's compliance with relevant laws and regulations.	◯	◯	◯	◯	◯
(c)	The Committee adequately understands and reviews the Council's risk management framework and whether an effective approach is being followed in managing Council's major risks.	◯	◯	◯	◯	◯
(d)	The Committee understands and reviews management's systems and arrangements for maintaining effective internal controls.	◯	◯	◯	◯	◯
(e)	The Committee effectively addresses its responsibilities in respect of its review and consideration of audit plans, audit reports and identified issues.	◯	◯	◯	◯	◯
(f)	The Committee understands and reviews the effectiveness of Council's Fraud and Corruption Control framework including the Fraud and Corruption Control Plan	◯	◯	◯	◯	◯
(g)	The Committee understands and reviews the effectiveness of Council's strategic plan and delivery program	◯	◯	◯	◯	◯
(h)	At least one member has accounting or related financial management expertise.	◯	◯	◯	◯	◯
(i)	The Committee discusses significant/complex/unusual transactions with management and the external auditors.	◯	◯	◯	◯	◯
(j)	The Committee commits sufficient time to review, discuss and consider the financial statements.	◯	◯	◯	◯	◯

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Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Central Coast Council

Audit, Risk and Improvement Committee
Self-Assessment Questionnaire

Central Coast Council

	7. *Internal Audit Assessment.*	**Strongly Disagree**	**Disagree**	**Agree**	**Strongly Agree**	**Don't know**
(a)	The Committee has reviewed and approved the forward internal audit plan, ensuring it was developed in consultation with ELT and the Committee.	◯	◯	◯	◯	◯
(b)	The Committee considers the internal audit resources were adequate for the completion of the internal audit program.	◯	◯	◯	◯	◯
(c)	The Committee has monitored the implementation of internal audit recommendations and obtained all information and or explanations it considers relevant to the progress of implementation of audit recommendations.	◯	◯	◯	◯	◯
(d)	The Committee considers the audit reports provided as appropriate for the business needs of Council; and	◯	◯	◯	◯	◯
	(i) The reports were structured, concise and constructive	◯	◯	◯	◯	◯
	(ii) The recommendations provided were realistic and resulted in improvements to current procedures.	◯	◯	◯	◯	◯
	(iii) The conclusions reached were adequately supported by relevant evidence and reflected a realistic understanding of the area under review.	◯	◯	◯	◯	◯
(e)	The Committee meets with internal audit and discusses internal control deficiencies discovered during the course of its work, its recommendations for addressing the deficiencies, and management's response. The Committee then monitors the status of management's corrective action.	◯	◯	◯	◯	◯
(f)	The Committee pre-approves the audit work to be performed.	◯	◯	◯	◯	◯

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Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Central Coast Council

Audit, Risk and Improvement Committee Self-Assessment Questionnaire

Central Coast Council

8.	External Audit - Audit, Risk and Improvement:	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a)	The Committee is satisfied that Council's annual financial reports comply with applicable legislation and Australian accounting standards and are supported by appropriate management sign-off on Council's financial statements.	◯	◯	◯	◯	◯
(b)	The Committee has reviewed the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.	◯	◯	◯	◯	◯
(c)	The Committee has considered contentious financial reporting matters in conjunction with Council's management and external auditors.	◯	◯	◯	◯	◯
(d)	The Committee has reviewed the processes in place to ensure financial information included in the annual report is consistent with the signed financial statements.	◯	◯	◯	◯	◯

9.	Audit, Risk and Improvement Members (External and Councillors) and Meetings	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a)	Committee members have attended meetings on a regular basis.	◯	◯	◯	◯	◯
(b)	Meetings have been conducted in accordance with the agenda issued and allow sufficient time to discuss complex and critical issues.	◯	◯	◯	◯	◯
(c)	Meeting agendas and supporting papers are of sufficient clarity and quality to make informed decisions.	◯	◯	◯	◯	◯
(d)	Meetings have been conducted to allow Committee members to raise any issue they believe relevant and allow for open, frank and robust discussion of all matters raised.	◯	◯	◯	◯	◯
(e)	Committee minutes are appropriately maintained and are of good quality	◯	◯	◯	◯	◯
(f)	The Committee annual report to Council is of an appropriate quality and has been provided to Council on a timely basis.	◯	◯	◯	◯	◯

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Audit, Risk and Improvement Committee Self-Assessment Survey Outcomes Report

Audit, Risk and Improvement Committee Self-Assessment Questionnaire

9.	Audit, Risk and Improvement Members (External and Councillors) and Meetings	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(g)	the Committee has received all information, presentations, or explanations it considers necessary to fulfil its responsibilities.	○	○	○	○	○
(h)	There is a schedule of all planned audit committee meetings for the year, which maps how the Committee's responsibilities are addressed over the year.	○	○	○	○	○
(i)	The Committee chair drives agenda setting, calling on support from management as needed.	○	○	○	○	○
(j)	Advance preparation materials contain the appropriate level of detail and are distributed with sufficient time before meetings to allow members to prepare.	○	○	○	○	○
(k)	Sufficient time is provided for private meetings with internal audit, external auditors and management	○	○	○	○	○
(l)	The Committee members carefully review draft meeting minutes to ensure that they capture the essence of issues and discussion.	○	○	○	○	○

10.	Audit, Risk and Improvement, Skills and Understanding	Strongly Disagree	Disagree	Agree	Strongly Agree	Don't know
(a)	The Committee understands the Council's business sufficiently to enable the Committee to fulfil its responsibilities under the Charter	○	○	○	○	○
(b)	The mix of skills on the Committee allows it to effectively perform its responsibilities	○	○	○	○	○
(c)	The Committee's overall financial literacy is adequate in light of the committee's responsibilities.	○	○	○	○	○
(d)	The Committee has responded appropriately and taken the required action where significant risks and/or control breakdowns have been brought to its attention	○	○	○	○	○

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Item No:	6.7
Title:	Probity Advice Policy
Department:	Governance

17 March 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D13840487
Author: Shane Sullivan, Unit Manager, Governance and Business Services
Executive: Dr Liz Develin, Director Governance

Report Purpose

To provide the Committee with a draft Probity Advice Policy and Guidelines for information and feedback.

Recommendation

> 1   **That the Committee receives the report on the draft Probity Advice Policy and provide feedback.**
>
> 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 78 of the Audit, Risk and Improvement Committee Charter**

Background

Attached for comment by the Committee is a draft Probity Advice Policy.

This Policy has been developed by the Governance area in consultation with Procurement and the Internal Auditor. Their comments and feedback have been included.

The purpose of the Policy is to articulate the expectations with regard to obtaining probity advice when conducting projects. The requirements draw heavily on the Independent Commission Against Corruption, 2005, Probity and Probity Advising; Guidelines for Managing Public sector Projects.

Any comments from the Committee would be welcomed prior to finalising the Policy for consideration by the CEO.

Attachments

1   Probity Advice Policy for Audit, Risk and Improvement Committee   D13838938
Consideration

POLICY FOR PROBITY ADVICE

Authority	Policy for Probity Advising and Probity Management
Author	Stephen Bignill, Project Manager, Governance and Business Services
Manager	Shane Sullivan, Unit Manager Governance and Business Services
Director	Liz Develin, Director Governance
Chief Executive Officer	Gary Murphy, Chief Executive Officer

History of Revisions:

Version	Date	Reason	TRIM Doc. #
1	February 2020	Creation of Policy	

Policy Rank: Operational: Being a policy that relates predominately to Central Coast Councils' operations

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POLICY SUMMARY

This policy relates to managing probity within Central Coast Council when conducting projects or significant procurement processes

Probity involves adopting and complying with public sector values and duties such as impartiality, accountability and transparency.

This policy draws directly and predominately from the Independent Commission Against Corruption Guidelines for Probity in Public Sector Projects.

PURPOSE OF THE POLICY

1. Central Coast Council is involved in a number of projects including construction, building and engineering projects and significant change management projects and the engagement of a variety of service providers and consultants, each of which present varying levels of complexity and risk to the organisation.

2. Council is committed to ensuring that all such activities are conducted to the highest ethical and professional standards.

3. To achieve this Council requires adherence to the Code of Conduct, and where required, will appoint a Probity Advisor.

JURISDICTION

4. This Policy covers all personnel employed by Council, any person or organisation contracted to or acting on behalf of Council, any person or organisation employed to work on Council premises or facilities and all activities of the Council.

5. This policy does not confer any delegated authority upon any person. All delegations to staff are issued by the Chief Executive Officer.

GENERAL

6. Amendment to this policy will occur in accordance with the procedure for Organisational Policy establishment.

7. It is the personal responsibility of all Council employees and agents of Council to have knowledge of, and to ensure compliance with this policy.

8. A Probity Advisor provides guidance on issues concerning process, integrity, fairness and accountability that may arise during a project or a procurement process.

9. Council will engage a Probity Advisor where an activity meets one or more of the following criteria:

    a) The expected cost of the project is high relative to the types of projects normally undertaken by the Council.

    b) The project itself is inherently complex or carries high risk.

    c) There has been a relevant history of controversy or legal issues in relation to the Council, the project or one of the potential proponents.

    d) The project is politically sensitive.

    e) It is anticipated that there will be an in-house or public sector bid and independent scrutiny is needed to avoid actual or perceived bias. Additionally, if there is an incumbent contractor with a strong relationship with the Council other competitors may require additional assurance that the process is genuine.

    f) The costs of bidding for the tenderers which may include design costs, technical modelling, legal advice, and specialist reports required to develop a conforming bid are expected to be high relative to the size of the contract.

    g) The project involves significant intellectual property or highly subjective selection criteria.

    h) The Council wishes to make substantial changes to the scope of the project or the bidding process after it has already commenced.

i)   The evaluation process requires lengthy and detailed face-to-face meetings with individual proponents and/or site visits.

j)   The project is expected to be privately financed; or uses a complicated contract structure such as a build-own-operate-transfer contract or alliance contract; or where a very long-term public/private partnership is to be established.

k)   Guidelines issued pursuant to section 400C of the Local Government Act 1993 (or any other guidance from the Department of Local Government) either recommend or require the appointment of a probity adviser for a public–private partnership.

l)   The market is highly concentrated or there are very few players and information sharing, collusion or other forms of anti-competitive behaviour are a significant possibility.

m)   A proponent has already been involved in the feasibility study or pre-tender stages of the project, having thereby potentially obtained an unfair advantage.

n)   The Council is expecting to make a sizeable profit or generate a considerable income stream from the project.

o)   The Council is not an informed buyer or lacks experience in the nature or magnitude of the project being undertaken.

10. The engagement of a Probity Advisor will be at the beginning of a project. The cost of engagement of a Probity Advisor is a cost of conducting projects.

11. Depending on the size of the project, the decision to engage a Probity Advisor will be determined by either the Chief Executive Officer, the relevant Executive Team member, or the Unit Manager.

12. In respect of any project, the Chief Executive, ELT, Director, Project Sponsor or Unit Manager should review the decision to engage a probity advisor or seek probity advice at various project gateway stages, in accordance with the risk profile of the project as it stands at that gateway stage. This does not preclude the ability to engage a probity advisory or seek probity advice at any stage of the project if any of the probity risks

identified above become apparent. A written record of the review should be kept on the project file.

13. Project leads will consider the probity advice received and apply their professional skills and experience to determine the appropriate action to take based on the advice.

14. Probity Advisors are to be procured in accordance with Council's guidelines and in consultation with the Procurement team. Where a suitable panel exists this should be used when engaging Probity Advisors.

POLICY IMPLEMENTATION

15. This policy should be read in conjunction with the Central Coast Council Code of Conduct;

16. When engaging a Probity Advisor Council will adhere to the five fundamental principles espoused by the ICAC:

- Best value for money
- Impartiality
- Dealing with Conflicts of Interest
- Accountability and Transparency
- Confidentiality

17. A brief will be prepared detailing the scope of work before the engagement of a Probity Advisor

DEFINITIONS

18. The following definition are used in this policy:

a) **Agency** means an external representative or contractor to Council, e.g. Consulting Engineer; Architect; Auditor; Project Manager.

b) **Council** means Central Coast Council, being the organisation responsible for the administration of the organisations affairs and operations and the implementation of the organisations policies and strategies.

c) **High Risk** means activities that rate as High or Extreme on the relevant Central Coast Council Risk Tables.

d) **ICAC Guidelines** means Independent Commission Against Corruption, 2005, Probity and Probity Advising; Guidelines for Managing Public sector Projects

e) **Probity Advisor** means an individual engaged by Council to observe, review and report on the tender and selection process in projects and advise on all probity issues.

f) **Probity** means integrity, uprightness, and honesty and is based on five fundamental principles: best value for money, impartiality, dealing honestly and transparently with conflicts of interest, accountability and transparency and confidentiality.

g) **The Act** means the Local Government Act NSW 1993 as amended.

REVIEW

19. This Policy will be reviewed every two years.

RELATED RESOURCES

20. Associated Documents:

   (a) Council Code of Conduct

   (b) The Independent Commission Against Corruption (ICAC) Guidelines – Probity and Probity Advising

   (c) Councils Record Management Policy

   (d) New South Wales Local Government Act 1993

Item No:	9.1
Title:	Update on Audit Office 2018-19 interim management letter actions
Department:	Chief Financial Officer

17 March 2020 Audit Risk and Improvement Committee Meeting

Report Purpose

To provide ARIC with an update on the actions from the 2018-19 interim management letters

Summary

From the 20 February 2020 extraordinary ARIC meeting ARIC resolved

> *That an update be provided on the status of actioning the matters raised in the Interim Management Letter at the 17 March 2020 Audit, Risk and Improvement Committee meeting.*

This report provides the status update requested.

Recommendation

1. *That the Audit, Risk and Improvement Committee receive this report Update on Audit Office 2018-19 interim management letter actions.*

2. *Pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee consider assigning a 'confidential' privacy marking to Attachment 1 to this report for the reasons that it contains information that could compromise the "security of Council, Council Officials and Council property".*

Context

The Audit Office has issued Council with two management letters from the 2018-19 interim audit.

The attachment provides ARIC with a status update on the progress of the actions from the matters raised in the interim management letters.

Current Status

Status updates from managers responsible for the matters and actions are summarised in attachment 1.

Matters
- 9 Information Technology General Controls (September 2019)
- 23 Interim Management Letter (January 2020)

There are 2 matters from the interim management letter where the actions are split across units
- matter 5 Procurement governance – Governance and Procurement & Projects
- matter 22 Developer contribution business process – Strategic Planning and Financial Performance

this takes the number of actions to 34 in total with 25 for the interim management letter.

Information Technology General Controls
- 5 actions are completed pending approval
- 3 actions are on track for completion
- 1 action has a revised completion date from 30 December 2019 to 30 June 2020 (matter 5 system batch program controls)

Interim Management Letter
- 1 action is complete
- 22 actions on track for completion. For ongoing actions, we will continue to monitor these actions to ensure the actions are being performed and reviewed at the required frequency.

Responsible Unit	Number of Actions	Completed	On Track	Delayed	Comment
Financial Performance	8		8		Matter 22 split actions
Financial Services	8		8		
Governance and Business Services	3		3		Matter 5 split actions
IMT Assure	1	1			
IMT Operations	8	4	3	1	
People Planning and Operations	2	1	1		
Procurement and Projects	3		3		Matter 5 split actions
Strategic Planning	1		1		Matter 22 split actions
Grand Total	**34**	**6**	**27**	**1**	

Link to Community Strategic Plan

Theme 4: Responsible

Choose Focus Area

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

Risk Management

Council will continue to monitor to progress on the actions identified within the timeframes agreed by Managers to ensure the actions are completed and any ongoing actions are being performed and reviewed at the required frequencies.

Attachments

1   Interim Management Letter Action Log   D13859380