



AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

19 June 2019

Meeting Notice

**The Audit Risk and Improvement Committee Meeting
of Central Coast Council
will be held in the Committee Room,
2 Hely Street, Wyong on
Wednesday 19 June 2019,**

for the transaction of the business listed below:

Receipt of Apologies

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2 CONFIDENTIAL ITEMS

- 2.1 Report from Audit Office of NSW
- 2.2 Update on Legal Matters

Gary Murphy
Chief Executive Officer

Item No: 1.1
Title: Disclosures of Interest
Department: Governance



19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13493938

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.*

1.1 Disclosures of Interest (contd)

- 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 6.4 of the Audit, Risk and Improvement Committee Charter.***

Attachments

Nil



Item No: 1.2
Title: Confirmation of Minutes of Previous Meetings
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13493947

Author: Kelly Drover, Advisory Group Support Officer

Manager: Shane Sullivan, Unit Manager, Governance and Business Services

Executive: Evan Hutchings, Director Governance

Summary

Confirmation of minutes of the previous Audit, Risk and Improvement Committee meeting held on *5 March 2019*.

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 6.4 of the Charter and release to the public be approved.

Recommendation

- 1** *That the Committee confirm the minutes of the previous meeting held on 5 March 2019.*
- 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 6.4 of the Audit, Risk and Improvement Committee Charter.*

Attachments

- 1** Draft ARIC Minutes - 5 March 2019 D13485801



Central Coast Council

Minutes of the

**AUDIT RISK AND IMPROVEMENT
COMMITTEE MEETING**

Held in the Committee Room, 49 Mann Street, Gosford
on 05 March 2019, commencing at 2.01PM

Present

Dr Colin Gellatly (Chairperson)
Carl Millington
John Gordon
Councillor Louise Greenaway
Councillor Doug Vincent (arrived 2.08pm)

In Attendance

Mayor Jane Smith	(Observer)
Gary Murphy	Chief Executive Officer
Peter Auhl	Chief Information Officer (left 2.49pm)
Shane Sullivan	Acting Director Governance
Vivienne Louie	Unit Manager Financial Performance
James Taylor	Acting Unit Manager Governance and Business Services
Lisa Fox	Research and Response Officer (left 2.14pm)
Zoie Magann	Advisory Group Support Officer
Aaron Green	Audit Office of NSW
Cassie Malone	Audit Office of NSW
Marco Monaco	Audit Office of NSW

Apologies

Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman
Martin Elwell	Chief Technology Officer

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

MINUTES OF THE Audit Risk and Improvement Committee Meeting OF COUNCIL 05 March 2019 contd

GENERAL REPORTS

1.1 Disclosures of Interest

Resolution

- 1 That the Committee receive the report on Disclosures of Interest.**
- 2 John Gordon declared a less than significant non-pecuniary interest as a member of the NSW Education Standards Authority (NESA) Committee.**
- 3 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.2 Confirmation of Minutes of Previous Meetings

Resolution

- 1 That the Committee confirm the minutes of the previous meeting held on 30 November 2018.**
- 2 That the Committee confirm the minutes of the previous meeting held on 4 December 2018.**
- 3 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.3 Outstanding Action Items

Resolution

- 1 That the Committee receive the report on Outstanding Action Items.**
- 2 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.4 Update on GIPA Requests

Resolution

- 1 That the Committee receive the report on Update on GIPA Requests**
- 2 That the Committee make a recommendation that this report and supporting papers be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

MINUTES OF THE Audit Risk and Improvement Committee Meeting OF COUNCIL 05 March 2019 contd

1.5 Report on Councillor Expense Claims for the twelve month period from 16 September 2017 to 28 September 2018.

Resolution

- 1 That the Committee receive the Report on Councillor Expense Claims for the twelve month period from 16 September 2017 to 28 September 2018.**
- 2 That a further report be brought back to the Committee comparing the allowable Councillor costs for Central Coast Council to other NSW Councils.**
- 3 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.6 Implementation of Management Actions Arising from IA Reviews

Resolution

- 1 That the Committee receive the Report on Implementation of Management Actions Arising from IA Reviews.**
- 2 That outstanding actions for Internal Audit be a standing item for future meetings.**
- 3 That a further report be brought back to the Committee to discuss deferred items, an explanation of risk analysis, and the solutions presented for identified risks.**
- 4 That a presentation on Asset Management be provided to the Committee.**
- 5 That the Committee assign a confidential privacy marking to Attachment 1 to this report for the reason that it contains information that could compromise the "security of Council, Council Officials and Council property", pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.7 CIA Progress Update

Resolution

- 1 That the Committee receive the Chief Internal Auditor's Report.**
- 2 That the Independent ARIC members and Acting Unit Manager Governance and Business Services further discuss the co-source model offline, following the advice provided by Procurement.**
- 3 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

MINUTES OF THE Audit Risk and Improvement Committee Meeting OF COUNCIL 05 March 2019 contd

1.8 Progress on Actions Arising from IA Reports

Resolution

- 1 That the Committee receive the update.**
- 2 That a presentation on the proposed Chain of Responsibility be provided to the Committee.**
- 3 That a report be brought back to Committee on Council's legislative compliance.**
- 4 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1.9 Draft Water Supply Authority Financial Statements for the reporting period 1 July 2017 to 30 June 2018

Resolution

- 1 That the Committee recommend that Council adopt the 2017-18 Central Coast Council Water Supply Authority Financial Statements, pending minor adjustments as discussed.**
- 2 That the Committee make a recommendation that this report and the supporting papers 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**

1.10 Presentation/Update on IM&T System Issues

At the request of the Chairperson, this Item was moved forward to follow Item 1.8.

Resolution

- 1 That the Committee note the verbal update on IM&T System Issues as provided by the Chief Information Officer, and request an update be provided at the next meeting.**

MINUTES OF THE Audit Risk and Improvement Committee Meeting OF COUNCIL 05 March 2019 contd

CONFIDENTIAL ITEMS

2.1 Reports from Audit Office of NSW

Resolution

- 1 That the Committee receive the Final Management Letter for Council's 30 June 2018 audit as at Attachment 1.**
- 2 That the Committee receive the Engagement Closing Report for the Water Supply Authority as at Attachment 2.**
- 3 That the Committee recommend that this report and the supporting papers not be made publicly available, as per 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.**

GENERAL BUSINESS

GB1/19 Councillors and Council's Legal Matters

Councillor Greenaway raised concerns that Councillors are not sufficiently informed on Council's Legal matters, particularly in terms of the outcome of decisions and community perceptions of these, and potential risks associated with this.

The Chairperson advised that this is not a matter for the Committee and that he would expect Council Staff to draw the Committee's attention to any relevant legal matters.

GB2/19 Other Matters

The Committee discussed a letter received from a community member, Joanne Eyes, regarding Central Coast Group Training (CCGT).

Resolution

- 1 That the Committee note this matter has been referred to the Senior Ombudsman for action and a Councillor Briefing will be provided.**
- 2 That the Committee note that it was informed that an additional \$5,000 was allocated to CCGT at the 10 December 2018 Council Meeting through Council's Grants Program.**
- 3 That the Committee recommend that the letter received from community member Joanne Eyes regarding Central Coast Group Training (CCGT) not be made publicly available, as per Clause 6.4 of the Audit, Risk and Improvement Committee Charter, as it contains information about matters affecting the security of Council, Council Officials and/or Council property.**

MINUTES OF THE Audit Risk and Improvement Committee Meeting OF COUNCIL 05 March 2019 contd

GB3/19 Annual Report

The Committee noted an Annual Report is being developed for the 2018 calendar year, and will be circulated for feedback shortly.

GB4/19 Gosford Cultural Precinct

The Chief Executive Officer provided a brief update on the Gosford Cultural Precinct.

Resolution

- 1 That an update on the Gosford Cultural Precinct be provided to the Committee.**

The Meeting closed at 3.41pm.

Next Meeting: Ordinary Meeting
Wednesday 19 June 2019
2pm – 5pm
Wyong Committee Room



Item No: 1.3
Title: Outstanding Action Items
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13493951

Author: Kelly Drover, Advisory Group Support Officer

Manager: Shane Sullivan, Unit Manager, Governance and Business Services

Executive: Evan Hutchings, 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 6.4 of the Audit, Risk and Improvement Committee Charter.**

ARIC ACTION ITEMS			
ITEM	ACTION	RESPONSIBLE OFFICER	COMMENT
1.8 4 December 2018	That the Annual Plan for 2019 be reviewed and a more detailed report to be brought back to the next meeting	Chief Internal Auditor	Report to 19 June 2019 meeting
1.13 4 December 2018	That once the Co-source external audit comes on board, the program for 2019/20 to be brought to the next meeting	Chief Internal Auditor	Verbal update to be provided at 19 June 2019 meeting
2.1 4 December 2018	That the Senior Internal Ombudsman provides a report at the next meeting outlining general observations on best practice.	Senior Internal Ombudsman	Report to 1 October 2019 meeting

ARIC ACTION ITEMS			
ITEM	ACTION	RESPONSIBLE OFFICER	COMMENT
1.5 5 March 2019	That a further report be brought back to the Committee comparing the allowable Councillor costs for Central Coast Council to other NSW Councils.	Director, Governance	Report to 19 June 2019 meeting
1.6 5 March 2019	That outstanding actions for Internal Audit be a standing item for future meetings.	Chief Internal Auditor	Item will be included on future agendas
1.6 5 March 2019	That a further report be brought back to the Committee to discuss deferred items, an explanation of risk analysis, and the solutions presented for identified risks.	Chief Internal Auditor	Verbal update to be provided at 19 June 2019 meeting
1.6 5 March 2019	That a presentation on Asset Management be provided to the Committee	Director Roads Transport Drainage and Waste	Presentation to 19 June 2019 meeting
1.7 5 March 2019	That the Independent ARIC members and Acting Unit Manager Governance and Business Services further discuss the co-source model offline, following the advice provided by Procurement	Chief Internal Auditor	Verbal update to be provided at 19 June 2019 meeting
1.8 (Resolution 2) 5 March 2019	That a presentation on the proposed Chain of Responsibility be provided to the Committee	Executive Manager People and Culture	A presentation will be provided to 1 October 2019 meeting
1.8 (Resolution 3) 5 March 2019	That a report be brought back to Committee on Council's legislative compliance	Director, Governance	A Legislative Compliance Reporting tool has been developed for implementation from July 2019. A presentation will be brought to the 1 October 2019 ARIC meeting

ARIC ACTION ITEMS			
ITEM	ACTION	RESPONSIBLE OFFICER	COMMENT
GB2/19 5 March 2019	In regard to a letter received from community member Joanne Eyes regarding Central Coast Group Training (CCGT): That the Committee note this matter has been referred to the Senior Ombudsman for action and a Councillor Briefing will be provided.	Senior Internal Ombudsman	Completed. A briefing was provided to Councillors on 1 April 2019 by the Senior Internal Ombudsman.
GB4/19 5 March 2019	That an update on the Gosford Cultural Precinct be provided to the Committee.	Chief Executive Officer/ Unit Manager Economic Development and Project Delivery	Confidential commercial negotiations are currently underway. A verbal update to be provided by Evan Hutchings at the 19 June 2019 meeting

Attachments

Nil



Item No: 1.4
Title: Development of the IA Work Program
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13570789

Author: Tina Baker, Chief Internal Auditor

Summary

The Chief Internal Auditor will deliver a short presentation to the Audit, Risk and Improvement Committee on how the IA work program is compiled.

Recommendation

- 1 That the Audit, Risk and Improvement Committee receive the presentation.**
- 2 That the Committee make a recommendation that this cover report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1. BACKGROUND

1.1 The strategic IA work program covers three years and all components of the IA framework, in terms of planning and intent. Additionally, IA presents an annual schedule of business assurance reviews to the Audit, Risk and Improvement Committee for endorsement. This is regularly revised and refreshed according to resourcing, emerging issues and organisational changes, risks and priorities.

1.2 The full IA work program comprises:

- audit needs analysis to determine the areas of focus
- business assurance and validation reviews and follow up to verify implementation of agreed actions (which makes up the bulk of the audit program)
- consultancy/advisory activities such as stakeholder engagement, education & communication initiatives
- measuring and monitoring the performance of the IA function and unit improvement including professional development

1.3 This presentation will focus on the audit needs analysis component of the work program.

1.4 Development of the IA Work Program (contd)

2. DELIVERABLES

2.1 The audit program is revisited and revised quarterly to ensure it remains focused on areas of strategic importance and relevance and that budgets are appropriate for the proposed scope of the reviews. Consideration is also given to audits on a 'reserve' list to determine if any should be swapped with those in the current schedule to better reflect current business and operational risks.

3. THEMES

3.1 Each work program centres around a theme of relevance to Council. Previous themes have included:

- ***back to basics***
- ***customer service***
- ***delivery of outcomes***

3.2 Going forward, IA plans will align with the themes and focus areas in the Community Strategic Plan.

4. ALIGNMENT TO THE CORPORATE RISK REGISTERS

4.1 Once the Executive are comfortable that the corporate and departmental risk registers adequately reflects the risk profile of the organisation, future IA work programs will be aligned closely with the enterprise risk management system and the need for an extensive audit needs analysis should drop away.

5. CONCLUSION

5.1 The presentation should provide the Committee with some assurance that the IA work program is focused on areas of operational and strategic risk and community concern.

Attachments

Nil.



Item No: 1.5
Title: Chief Internal Auditor's Quarterly Progress Report
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13571172

Author: Tina Baker, Chief Internal Auditor

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).

Consideration of confidentiality:

Section 6.4 of the Audit, Risk and Improvement Committee Charter states: "Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website" with a number of specified exceptions to this. The Chief Internal Auditor considers that neither the nature nor content of this report falls within any of the listed exceptions and so recommends that this report and its attachment be made publicly available in line with Section 6.4 of the Charter.

Summary

A report on the activities of Internal Audit since the last update to the Audit, Risk and Improvement Committee on 5 March 2019.

Recommendations

- 1 That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.**
- 2 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1. IA FRAMEWORK – ASSURANCE SERVICES

1.1 Progress Against Agreed Schedule of Audits

The Chief Internal Auditor (CIA) returned from long term sick leave on 13 May 2019.

Executive-level responses to corporate wide, strategic issues have been sought and are still outstanding for the following draft IA reports:

1.5 Chief Internal Auditor's Quarterly Progress Report (contd)

- *Cash Management in Waste Services* (report 06/17-18)
- *NHV Accreditation 2017/18* (report 02/18-19)

A meeting was held with the Chief Information Officer to finalise the draft report *Procurement of IT Goods* (report 03/17-18) and this is now progressing.

Reports relating to IA advisory work on *Seniors Centres* (07/17-18) has been issued in draft for management review and comment and it is anticipated that the draft report on *Libraries* (08/17-18) will also have been issued by the time of this Committee meeting.

1.2 Follow Up of Management Outstanding Actions

Updates were sought from relevant officers on the management actions outstanding as a result of IA reviews, and a separate report is presented to this meeting of the Audit, Risk and Improvement Committee summarising the latest situation.

2. IA FRAMEWORK – CONSULTING & ADVISORY ACTIVITIES

2.1 Consulting/Advisory Activities

A summary guide for managers of ICAC's good practice guide: "*Managing Conflicts of Interest in the NSW Public Sector*" has been produced by the Chief Internal Auditor.

2.2 Co-Sourced Partner Arrangements

Prior to sick leave, the Chief Internal Auditor compiled a detailed services brief for the co-sourced partnership arrangement to form the tender documentation and expedite the tender process. Having discussed resourcing of the IA function with the newly appointed Director of Governance, this has been picked back up by the Chief Internal Auditor and the information is currently being incorporated into the latest contract services templates so the tender can go out to market as a matter of urgency.

2.3 Relationship Management

The proposed collaboration (referred to in the CIA Progress Update Report to the meeting on 5 March 2019) between IA and Council's Continuous Improvement Officer with the intention of help line managers implement agreed actions arising from IA reviews was not supported and so has not been taken forward.

3. IA FRAMEWORK – QUALITY AND PERFORMANCE

3.1 Monitoring and Measuring the Performance of the IA Function

The report on how IA is progressing against the Balanced Scorecard metrics (KPIs) has not been prepared for this meeting of the Audit, Risk and Improvement Committee as there has been no change to the previously reported position.

4. IA FRAMEWORK – PLANNING AND ORGANISATIONAL ANALYSIS

The CIA is presenting to this meeting on the *Development of the IA Work Program*.

5. CURRENT PLAN

In the absence of an approved program of IA reviews, the CIA's priorities for the next three months are:

- Tender and appointment of co-sourced partner
- Finalisation of all outstanding draft reports
- Resurrection of the Audit Task Tracker system in SharePoint so all relevant officers can access and update their actions
- Development of new IA strategic work program and annual schedule of IA reviews in consultation with new co-sourced partner

Attachments

Nil.



Item No: 1.6
Title: Implementation of Management Actions Arising From IA Reviews
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13572184

Author: Tina Baker, Chief Internal Auditor

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. This report is provided to the Committee to help meet section 4.5 of their Charter obligation, 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 issues raised, including identification and dissemination of better practices;
- Monitoring the implementation of internal audit recommendations by management".

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"**

Background

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 again. Implementation of the agreed or partially agreed actions are tracked by the Chief Internal Auditor in accordance with management's implementation date. The Chief Internal Auditor's work to

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

revise the format of the updated Tracker system in collaboration with IM&T is ongoing but is not a current priority.

Current Status

No audit reports have been finalised since the last report to the Committee.

During this quarter management closed **17 actions** relating to **2 reviews**.

The status summary for remaining open management actions is as follows:

Status at Mar 2018	Status at June 2018	Status at Sept 2018	Status at Dec 2018	Status at Feb 2019	Status at June 2019
81 open actions from 19 different reviews	24 open actions from 10 different reviews	46 open actions from 12 different reviews	43 open actions from 12 different reviews	27 open actions from 6 different reviews	10 open actions from 4 different reviews

The detailed tables at Appendix 1 shows the findings and recommendations for each review, the last management response received along with originally agreed implementation dates and management updates to close out the 17 items since the last report.

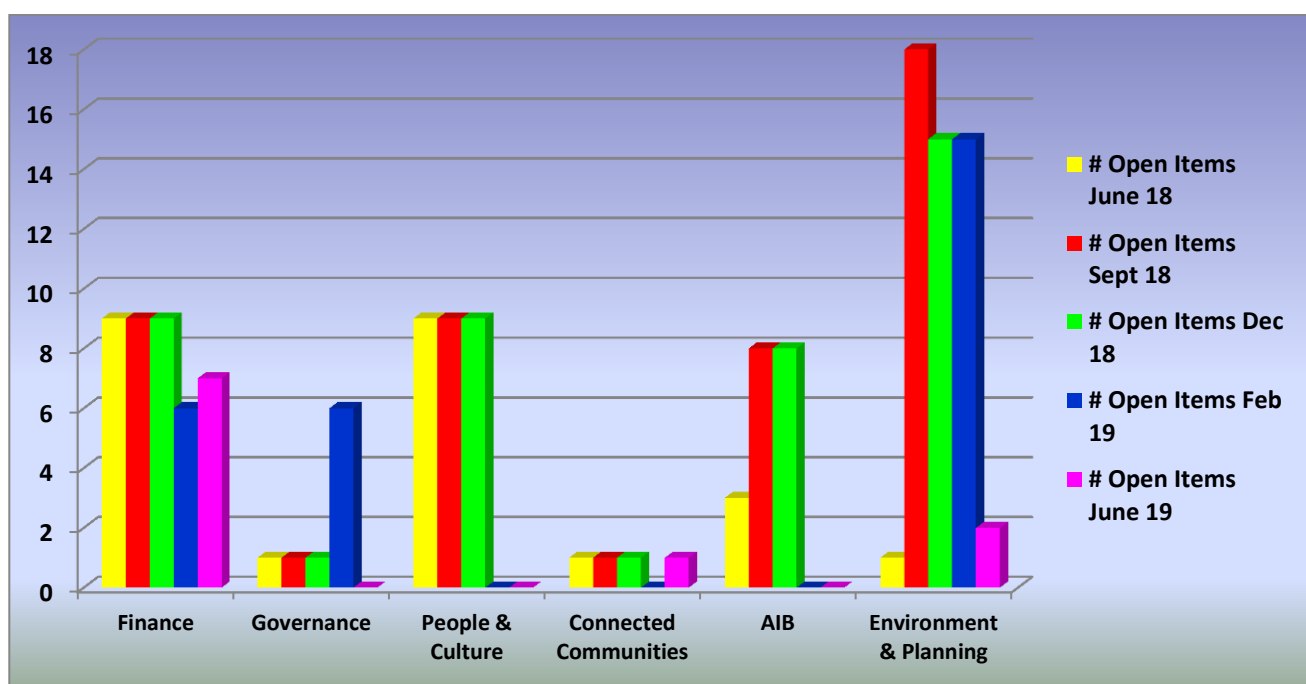
Headline Data

The **10** open actions are with the following departments/units:

- Environment and Planning – 2
- Finance – 7
- Connected Communities - 1

As part of the management responses, Finance reassigned an issue relating to petty cash at a specific library branch to the Connected Communities Department.

The chart below shows the number of open actions per department and the changes over several reporting periods.



Summary Table

#	Audit Title (Former Council)	Date of Final Report	# Remaining Open Actions	Status
1	CCTV (WSC)	May 2014	1	1 x moderate
2	Tendering and Contract Award (WSC)	July 2014	0	1 closed
3	Cash Management (GCC)	October 2015	2	3 closed; 2 remaining
4	S94 Contributions (WSC)	May 2016	1	1 x moderate
5	CCTV	August 2018	6	5 x high 1 x moderate
6	DRIVES24 (2017-18)	September 2018	0	13 closed
	TOTALS		10 open actions from 4 audits	5 x high 3 x moderate 2 x not assigned a risk rating

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. 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

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

that action taken to close out an item is appropriate to address the risk and issue highlighted by the finding. The Audit, Risk and Improvement Committee are encouraged to use the information in this report to identify any specific operational activities they would like to discuss with management in respect of risk mitigation measures and system/process improvements at future meetings.

Attachments

- 1** Appendix 1 Management Actions List June 2019 Enclosure D13572085



Item No: 1.7
Title: Deferred Management Actions, Risks and Solutions
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2018/00028 - D13570911

Author: Tina Baker, Chief Internal Auditor

Report Purpose

Audit Risk and Improvement Committee (ARIC) action item 1.6 from the meeting on 5 March 2019 tasked the Chief Internal Auditor (CIA) with an action *"that a further report be brought back to the Committee to discuss deferred items, an explanation of risk analysis and the solutions presented for identified risks"*.

Consideration of confidentiality

Section 6.4 of the Audit, Risk and Improvement Committee (ARIC) Charter states: "Supporting papers to the agenda considered by the Committee will be made publicly available on Council's website" with a number of specified exceptions to this. The Chief Internal Auditor considers that neither the nature nor content of this report falls within any of the listed exceptions and so recommends that this report be made publicly available in line with Section 6.4 of the Charter.

Summary

A report to propose a process in respect of: keeping the ARIC informed of (i) management actions relating to significant issues arising from IA reviews where the actions are overdue or have been closed; (ii) how the identified risk exposures are being managed in the period between being highlighted by IA and being fixed by management; and (iii) providing the ARIC with some assurance that closed off actions have actually been done.

Recommendations

- 1 That the Audit, Risk and Improvement Committee receive this report on Deferred Actions, Risks and Solutions.**
- 2 That the Audit, Risk and Improvement Committee agree to the process proposed in the report.**
- 3 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

1. Issue

1.1 An efficient and effective process is required to keep ARIC informed of how risk exposures identified through IA reviews are being managed and mitigated by management.

2. Background

2.1 IA business assurance reviews are conducted to identify the control weaknesses in Council's systems and processes. IA reports make recommendations to help managers address the identified risk exposures. Managers are responsible for implementing the agreed actions in a timely manner and ensuring risk exposures are appropriately mitigated. Managers are accountable in the event that issues or events occur that compromise controls or exploit system/process weaknesses.

2.2 When an audit report is finalised, the agreed management actions are captured by IA into a task tracker system. Updates from Management on progress against the implementation of the agreed actions are sought each quarter and reported by the Chief Internal Auditor to the ARIC in the *Implementation of Management Actions* report.

2.3 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, Council remains exposed to the identified risks unless other mitigating controls are implemented. Likewise, if actions are closed off without the action actually being carried out then the risk exposure to Council remains and goes unchecked.

2.4 Whilst IA can conduct some validation work after all the actions have been closed out by management, this is not a cost-effective use of the Chief Internal Auditor's (CIA) time, as it takes the IA focus away from reviewing risks and controls in different areas to re-perform work previously carried out. Likewise, the CIA's *Implementation of Management Actions* presented to ARIC each quarter only shows a historic situation and does not provide context in respect of how systems/processes are currently operating or how risk exposures are being mitigated currently.

2.5 Additionally, the CIA's *Implementation of Management Actions* report shows there are many issues highlighted in IA reports that remain unaddressed long after the agreed implementation date. Follow up IA reviews or enquiries have also shown that actions which have previously been closed off by management have not always been undertaken. Consequently the ARIC are unsighted as to whether the risk exposures identified in the original IA reports have actually been mitigated.

3. Proposal

3.1 It is proposed that, going forward, each ARIC meeting should include a 20 minute presentations by the relevant Director/Unit Manager on key risk areas identified through:

- previous audit reviews
- the CIA's *Emerging themes* and *Risk Outlook* reports
- topics identified by the ARIC members themselves
- topics that align with the ARIC's mandatory responsibilities as set down in section 1 of their Charter, namely:
 - (a) compliance,
 - (b) risk management,
 - (c) fraud control,
 - (d) financial management,
 - (e) governance,
 - (f) implementation of the strategic plan, delivery program and strategies,
 - (g) service reviews,
 - (h) collection of performance measurement data by the Council, and
 - (i) any other matters prescribed by the regulations.

3.2 To ensure the presentations are consistent and focused, it is proposed that each presentation should aim to cover:

1. Brief context using relevant data
2. Legislative/regulatory framework governing the activity
3. Overview of how the activity is currently managed/resourced
4. Current risks, issues and concerns and how these are identified
5. How current risks are being managed
6. Strategic intent

3.3 To assist the ARIC members, the CIA will prepare a short 'briefing' note and questions on each of the relevant topics setting out when the topic was last reviewed by IA (if it was), what issues arose and what actions were agreed to address the issues identified.

3.4 The CIA will propose some topics for the ARIC's consideration and agree topics with the Chair ahead of each meeting. It is noted that this meeting is already receiving presentations on Asset Management and the Gosford Cultural Precinct.

4. Suggested Topics For Future Meetings

4.1 In light of events and community concerns highlighted in the CIA's *Emerging Themes* and *Risk Outlook* reports the following topics for future presentations are suggested:

- Water quality management
- Coastal management
- S94 contributions and voluntary planning agreements
- Cybersecurity
- Fraud and corruption prevention
- Succession planning

4.2 ARIC members are encouraged to propose their own topics to the CIA, who will work with the Chair to determine a schedule for future meetings in a timely manner to ensure staff have sufficient notice to prepare for such presentations.

5. Conclusion

5.1 The proposed process is an efficient way to help ARIC be informed and briefed on some of Council's key strategic and operational risk areas and to have a discussion on the risk exposures and control weaknesses in the associated systems and processes.

Attachments

Nil.



Item No: 1.8
Title: Comparison of allowable Councillor Expenses
Department: Governance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2019/00041 - D13567419

Author: Sarah Georgiou, Section Manager, Councillor Support

Report Purpose

An action arising from the Audit, Risk and Improvement Committee Meeting of 5 March 2019 was that a further report be brought back to the Committee comparing the allowable Councillor costs for Central Coast Council to other NSW Councils.

Recommendation

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

At the meeting of 5 March 2018 a report on Councillor Expense Claims for the twelve month period from 16 September 2017 to 28 September 2018 was presented to the Audit and Risk Committee.

During that meeting further information was requested to compare the allowable Councillor costs for Central Coast Council to other New South Wales Councils. The review considered the expenses policies for the following Councils:

- Northern Beaches
- Canterbury-Bankstown
- Cumberland
- Inner-West
- Parramatta

These councils were considered as they grouped with Central Coast Council in the recent determination of the Local Government Remuneration Tribunal (the Tribunal) in determining councillor remuneration. Further to this the group was further refined to include only merged Councils.

Comparison of Councillor allowable expenses

	General Travel	Professional Development	ICT	Carer	Total
	Uncapped				
Northern Beaches	LGSA Rate	\$5,000	\$ 3,000	\$ 2,000	\$ 10,000
Canterbury-Bankstown	\$ 3,500	\$10,000	\$ 6,500	\$ 5,000	\$ 25,000
Cumberland	\$ 3,000	\$ 2,000	\$ 600	\$ 5,000	\$ 10,600
Inner-West	\$ 3,075	\$ 6,150	\$ 3,690	\$ 3,075	\$ 15,990
Parramatta	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000	\$ 19,000
Central Coast Council	\$ 12,500	\$ 12,000	\$ 4,000	\$ 8,000	\$ 36,500

Attachments

Nil



Item No: 1.9
Title: Policy for Investment Report
Department: Finance

19 June 2019 Audit Risk and Improvement Committee Meeting

Trim Reference: F2004/06621 - D13569727

Author: Carlton Oldfield, Unit Manager, Financial Services

Executive: Craig Norman, Chief Financial Officer

Summary

The purpose of this report is to present the Audit, Risk and Improvement Committee ("Committee") with the Policy for Investment Management.

Recommendation

- 1 That the Committee note the Policy for Investment Management and provide comments and recommendations for consideration and for inclusion in a report to Council.**
- 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 exception, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.**

Context

The *Local Government Act 1993* ("the Act") requires Council to maintain an Investment Policy that complies with the Act, *Local Government (General) Regulation 2005*, *Ministerial Investment Order of 12 January 2011* as advised by way of OLG Circular 11-01 17 February 2011 and Investment Policy Guidelines, issued by the Office of Local Government in relation to comparative benchmarks used in investment decisions as well as Council's current investment strategy.

Council's Policy for Investment Management and guidelines set mandatory requirements for the management of Council's cash and investment portfolio. The Policy is designed to safeguard Council's cash and investments, achieve appropriate earnings and manage cash resources to ensure sufficient liquidity to meet business objectives over the short, medium and long term.

Proposal

The Policy for Investment Management provides the framework on how investments will be managed and how key risks will be mitigated.

This policy is subject to a mandatory annual review under *The Local Government Code of Accounting Practice & Financial Reporting*.

It is proposed that the Policy for Investment Management and Investment guidelines as they stand be adopted again by Council.

Subject matter experts amongst staff have reviewed the current policy and guidelines and are of the opinion it continues to prudently manage current investment risks. Further there has been no change to the legislative environment in respect to Investment management for Local Government that would require a change to be made to this policy and guideline.

Consultation

The Policy for Investment Management proposed does not deviate from the existing policy and guideline. Consequentially no consultation has been sought at this time from ratepayers.

Financial Impact

Investment earnings are a material source of revenue for Council and it is important that returns are maximised, risk is minimised and investments are managed in accordance with the relevant legislation.

Council staff act with a duty of care, skill and diligence that a prudent person would exercise when investing and managing their own funds. However, by the very nature of investments, there are some risks associated. Council has internal controls in place to ensure that Investments are safeguarded.

Conclusion

The Policy for Investment Management provides direction to staff in its management of Council's Investment portfolio.

Attachments

- 1** Policy for Investment Management D13569965
- 2** Investment Guidelines D13569967



Central Coast Council
Policy for Investment Management

Version 0.2
Carlton Oldfield
05 June 2019



Policy for Investment Management

Author: Carlton Oldfield

Date: 03 June 2019

Version 0.2

Approved by: Craig Norman

Date of Approval: 05 June 2019

Assigned review period: 1 year

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Wyong Office:

2 Hely St / PO Box 20 Wyong NSW 2259

P 02 4350 5555

Gosford Office:

49 Mann St /PO Box 21 Gosford NSW 2550

E ask@centralcoast.nsw.gov.au

W www.centralcoast.nsw.gov.au

A. Policy Summary

- A1 This policy defines the circumstances under which Central Coast Council (CCC) may invest Council funds not required for immediate and short-term operational purposes.
- A2 It sets out the risk profile, investment strategy and authorities to execute investment instruments.

B. Policy Background

- B1 All investments are to comply with:-
B1.1 *Local Government Act 1993*;
B1.2 Local Government – Ministerial Order dated 12 January 2011;
B1.3 Sections 14A (2), 14C (1) and (2) of the *Trustee Amendment (Discretionary Investments) Act 1997*;
B1.4 *Local Government (General) Regulation 2005*;
B1.5 Division of Local Government Circular 11-01 ;
B1.6 Local Government Code of Accounting Practice and Financial Reporting;
B1.7 Australian Accounting Standards
- B2 The Office of Local Government releases guidance to Councils on investment management from time to time. Council will review this policy in light of such advice.

C. Policy Objectives

- C1 The purpose of this policy is to provide a framework for investment of Council's funds with a view to minimising the risk of loss of capital or interest, to ensure that liquidity requirements are observed and after taking into account these two priority objectives, seeking to achieve the best rate of return available.
- C2 While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity and the rate of return of the investment.

D. Definitions

- D1 **Delegated Authority** - means any function, duty or power vested in the Council by the Act, that the Council may, within the terms of the Act, delegate to a Council member, Committee of the Council, Chief Executive Officer, employee or person or class of persons approved for the purpose.
- D2 **Policy** – means policy created and approved by the Council, as well as any policy of either the former Gosford City Council or the former Wyong Shire Council that applies to Council by the operation of the Proclamation.
- D3 **Council** – means Central Coast Council.
- D4 **Investment** - means the placement of Council monies in any form of investment instrument that provides for returns. It does not include any investment made in capital assets, people or property. An investment must comply with Council's adopted Investment Policy.
- D5 **CEO** - means the person appointed to the position of Chief Executive Officer of the Council, who undertakes the functions of the General Manager under the Act.

- D6 **Proclamation** - means the *Local Government (Council Amalgamations) Proclamation 2016*.
- D7 **The Act** - means the *Local Government Act 1993*
- D8 **Year** - means from July 1 to June 30 (financial year).
- D9 **The Bank Bill Swap Reference Rate (BBSW)** – is the midpoint of the nationally observed best bid and offer for AFMA Prime Bank eligible securities.
- D10 **Floating Rate Note** – is a security where the coupon is a fixed margin ('coupon margin') over a variable rate benchmark. The benchmark is commonly BBSW and is reset at regular intervals.

E. Policy Statements

General

- E1 This policy does not confer any delegated authority upon any person.
- E2 Council will not instruct the CEO in any manner that requires the CEO to breach his or her statutory responsibilities in respect of investments.
- E3 Subject to any functions, duties or powers conferred directly on a Council or CEO by the Act, the Council will delegate to the CEO, the power to make decisions relating to the effective and efficient management of investments in accordance with this policy.
- E4 The CEO or their delegate may, in exceptional or emergency circumstances, approve an action outside the requirements of this policy provided that any such variation to this policy is reported to Council in the next monthly investment report.
- E5 Other investment acquisitions. The Council alone may approve the acquisition of land or holding of any shares or interests in a body corporate, partnership, joint venture or other association of persons; or settle, or be, or appoint a trustee of, a Trust.
- E6 The Council will not delegate to any person the authority to raise capital or to specifically borrow money by any means, including options, swaps or any other non-balance sheet items.
- E7 Council will only allow investment for the purpose of achieving the effective and efficient on-going management of the Council organisation in accordance with the Act, Operational Plan, Long Term Financial Plan and any other policy made from time to time.
- E8 Investments will be managed with the care, diligence and skill that a prudent person would exercise and officers shall not engage in activities that would conflict with the proper execution and management of Council's investment portfolio.
- E9 Management of the risks associated with delegation of authority shall be achieved by way of detailed regular reporting on the exercise of all functions, duties and powers delegated throughout the organisation and by the Council.
- E10 Subject to functions, duties or powers conferred upon the CEO by the Act, all delegated authorities must be exercised in accordance with relevant CCC policies and procedures set by the Council or CEO from time to time.

- E11 Variations, reviews or additions to this policy shall be approved by resolution of the Council.
- E12 The Policy for Investment Management will be reviewed annually or as required in the event of legislative changes and/or guidelines as per B2.
- E13 This policy is not dependent on the terms of any other policy or procedures except the Act or direct, lawful instruction under the terms of the Act.

Investment Guidelines

- E14 The CEO or his/her delegate, in consultation with council staff, will approve investment guidelines, within this policy, as part of the annual review, which will set the general direction for the purchase and sale of investment assets for the coming period and prescribe performance targets by asset category.
- E15 The performance of the portfolio will be assessed against a benchmark set annually in the Investment Guidelines.
- E16 The CEO, in consultation with Council staff shall issue guidelines reviewed at least annually, for the management of the following risk classes:-

Credit Risk Management which must include:-

- E16.1 Maximum portfolio weighting by total assets in an asset grouping
- E16.2 Maximum amount to be held with an individual institution within an asset grouping

Term to Maturity Framework

- E16.3 Asset groupings will be defined with reference to credit rating.
- E16.4 The amount of investment risk attached to a particular security is in part related to its term to maturity. Guidelines for the management of term to maturity risk shall at a minimum prescribe the maximum exposure by term to maturity groupings, as an example, percentage of portfolio maturing in three to four years.

Investments

- E17 All investment securities must be denominated in Australian Dollars.
- E18 New investments shall be limited to (by statute):-
- E18.1 Any public funds or securities issued by or guaranteed by the Commonwealth, any State or a Territory of the Commonwealth;
- E18.2 Any debentures or securities issued by other Local Government Councils;
- E18.3 Interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (ADI), as defined in the *Banking Act 1959*, but excluding subordinated debt obligations;
- E18.4 A deposit with NSW Treasury Corporation or investments in an Hourglass Investment Facility of the NSW Treasury Corporation;

- E18.5 Any bill of exchange which has a maturity date of not more than 200 days and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an ADI by the Australia Prudential Regulation Authority.
- E19 This investment policy prohibits any investment carried out for speculative purposes including, but not limited to:
 - E19.1 Derivative based instruments;
 - E19.2 Principal only investments or securities that provide potentially nil or negative cash flow;
 - E19.3 Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind;
 - E19.4 The use of leveraging (borrowing to invest) of an investment
 - E19.5 Extensive trading activity

Accounting and Reporting

- E20 Council will comply with appropriate accounting standards in valuing its investments and quantifying its investment returns.
- E21 Investment income must be recorded according to accounting standards. Published reports may show a breakdown of its duly calculated investment returns into capital gains and losses and interest.
- E22 A report will be provided to Council on a monthly basis when Ordinary Meetings occur. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio and maturity dates.
- E23 From time to time financial assets may be acquired at a discount or premium to their face value. Discount or premium is to be taken into account in line with relevant Australian Accounting Standards.
- E24 For audit purposes, certificates must be obtained from the banks/fund managers/custodian confirming the amounts of investment held on Council's behalf at 30 June each year.

Independent Financial Advisor

- E25 From time to time, Council may utilise the services of a suitably qualified and experienced investment advisor for the purposes of achieving the aims of this policy.
- E26 Any appointment of an Independent Financial Advisor (IFA) will be by resolution of Council. The IFA must be licensed by the Australian Securities and Investment Commission. An appointed Independent Advisor will have no conflict of interest in respect to their investments recommended. The term of an Independent Financial Advisor will not exceed 3 years.

Investment Guidelines

Council is a prudent investor. It is intended to maximise investment returns while maintaining the security of investments through the prudent management of risk.

Risk Management

Detailed decisions on the purchase and sale of investment assets will be mindful of the following risk categories.

Risk	Mitigants
Risk of Capital Loss	Diligent product research, diversification and an intention to hold assets to maturity.
Liquidity risk	Cash flow forecasting, allocation of investment funds to time horizons, maintenance of a "liquidity reserve" through conservative assumptions in cash flow forecasting.
Market timing risk ("not getting a good price on the day")	Stagger investment dates, maintain spread of maturity dates.
Credit Risk	Credit Risk guidelines imposing required credit rating targets for the portfolio.
Concentration risk ("all eggs in one basket")	Concentration Risk guidelines imposing maximum exposure for Individual institutions.
Product risk	Undertake rigorous product research.
Interest Rate (duration) risk	Market Investments acquired at par value will not be exposed to interest rate fluctuations if they are redeemed at maturity.
Income risk	Conservative approach to investment income budgeting.
Regulatory risk	Regulation embedded in Investment Policy. Portfolio actively managed to comply with Policy.
Fraud risk	Documented investment procedures, separation of responsibilities for investment decision making and transaction settlement, only one account for payment of redemption proceeds, use of licensed custodians or third party registries where applicable.
Safe keeping / Clear title risk	Documented investment procedures.

Target Asset Allocation, Liquidity and Market Timing (Allocation of Funds)

The Target Asset Allocation (TAA) will be determined from time to time having regard to the economic conditions that are prevalent. In setting the strategic asset allocations, Council is relying upon assumptions of expected investment returns and market conditions. Each investment category will be re-balanced within the target asset allocation range on a continual basis.

The factors and/or information used to determine the TAA include, but are not limited to:

- Council's liquidity requirements based on cash flow forecasts, allocation of funds to time horizons, maintenance of a "liquidity reserve" through conservative forecasting;
- Investments limited by strategy to buy and hold to maturity, diversification constraints and product research
- The shape of the bank bill swap curve (yield curve);
- Term deposit spread curve (i.e. the rate financial institutions are paying above the relevant BBSW rate);
- Credit spreads; and
- Macro economic variables.

The TAA will be established between the minimum and maximum allocation range and will be managed with a tolerance range outside of the target as shown in the table below.

Table 1 - Target Asset Allocation Table

Investment Category	Investment Horizon	Target Allocation	Tolerance range outside of target asset allocation
Working capital funds	0-3 months	10.0%	+/- 10.0%
Short term funds	3-12 months	60.0%	+/- 10.0%
Short-Medium term funds	1-3 years	15.0%	+/- 7.5%
Medium term funds	3-5 years	7.5%	+/- 7.5%
Long term funds	5 years	7.5%	+/- 7.5%
TOTAL		100.0%	

Credit Risk

Before entering into any investment transaction with a new institution there will be a diligent review of the creditworthiness of that institution. The Chief Executive Officer or his/her delegate must form its own opinion of the risk attached to an institution and not merely rely on published credit ratings.

Central Coast Council will not invest in subordinate debt.

The portfolio credit guidelines to be adopted will be based on the Standard & Poor's (S&P) ratings system criteria. The maximum available limits in each rating category are as follows:

Table 2 – Maximum portfolio weighting per rating category

Long Term Credit Ratings	Short Term Credit Ratings	Maximum Portfolio Weighting
AAA Category	A-1+	100%
AA Category	A-2	80%
A Category	A-2	60%
BBB Category	A-3	20%
Unrated	Unrated	2%

Concentration Risk (Counterparty/Institution Credit Framework)

Exposure to individual counterparties/financial institutions will be restricted by their S&P rating so that single entity exposure is limited, as detailed in the table below:

Table 3 – Counter Party Risk

Individual Institution Limits		
Long Term Credit Ratings	Short Term Credit Ratings	Maximum Exposure
AAA Category*	A-1+	20%
AA Category*	A-1+	20%
A Category	A-2	20%
BBB Category	A-3	10%
Unrated Category	Unrated	2%

*The limit may be exceeded temporarily to the extent that the excess represents funds held on deposit awaiting reinvestment.

Product, Interest Rate and Income Risk / Term to Maturity Framework

The investment portfolio is to be invested with a conservative approach to income budgeting within the following term to maturity constraints, subject to rigorous product research:

Table 4 – Term to Maturity

Description	Maximum Exposure
Portfolio allocation:	
Portfolio % < 1Year	100%
Portfolio % > 1 Year < 3 Years	60%
Portfolio % >3 Years < 5 Years	30%
Portfolio % > 5 Years	30%
Maturity of financial institution securities:	
ADI issues rated A or above	10 years
ADI issues rated BBB to A-	5 years
ADI issues non-rated	nil

Regulatory, Fraud and Safekeeping/Clear title risk

The regulatory framework for investments is embedded within the investment policy and the Portfolio will be actively managed to comply with policy.

Risk of Fraud and safe keeping is mitigated by documented investment procedures, separation of responsibilities for investment decision making and transaction settlement, with only one account for payment of redemption proceeds, including the use of licensed custodians or third party registries where applicable.

Benchmarking and Monitoring

Each investment in the portfolio is to be evaluated and monitored against a performance benchmark appropriate to the risk and time horizon of the investment concerned. The objective is to ensure that all investments under consideration can deliver a level of return commensurate with their risk profile and that they are competitive with an appropriate peer group of alternative investment options. The eligibility of an investment is determined by the NSW Local Government Minister's Order dated 12 January 2011.

Under these Investment Guidelines, no assets other than those listed in the table below will be eligible.

Table 5 – Target Returns and suitable products

Investment Category	Investment Horizon	Bench Mark	Permitted
Working capital funds	0-3 months	Official cash rate	11am, overnight call and cash accounts, short dated Bank Bills, TCorpIM Cash Fund
Short term funds	3-12 months	3 month BBSW+ 10 basis points	TCorpIM Cash Fund, Term Deposits
Short-Medium term funds	1-3 years	18 Month BBSW +10 basis points	Term Deposits, Senior ADI Fixed and Floating Rate Notes, short dated Bonds, TCorpIM Strategic Cash Fund
Medium term funds	3-5 years	Bloomberg Ausbond Composite 2-5 year index	Term Deposits, Senior ADI Fixed and Floating Rate Notes and Bonds
Long term funds	5 years	Bloomberg Ausbond Composite 2-5 year index	Term deposits, Senior ADI Fixed and Floating Rate Notes and Bonds

Implementation and Authority to Amend Strategy

The Investment Guidelines noted earlier in this policy set out the intended approach to investments in the market conditions that are expected to prevail over the medium to long term investment horizon. However, there may be periods, sometimes sustained, where “normal” market conditions do not apply, for example, periods where short term interest rates are higher than long term interest rates, or investments of similar credit quality offer different yields due to liquidity differences.

The CEO or his/her delegate may approve a variation to this strategy if the investment is to the Council’s advantage or due to revised legislation subject to this variation being reported to Council in the next available monthly investment report.

Professional Advice

Council may seek professional, external investment advice from time to time to provide assistance in Investment Strategy formulation, portfolio implementation and monitoring in accordance with the Policy for Investment Management.

Authorised:

Craig Norman

Chief Financial Officer

5 June 2019