



# **AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING**

**06 November 2020**

# Meeting Notice

## The Audit Risk and Improvement Committee Meeting of Central Coast Council will be held via Zoom on, Friday 6 November 2020,

for the transaction of the business listed below:

### GENERAL REPORTS

1.2	Disclosures of Interest.....	6
1.3	Confirmation of Minutes of Previous Meeting .....	8
1.4	Outstanding Action Items .....	21
2.1	Chief Internal Auditor's Quarterly IA Progress Report.....	26
2.2	Implementation of Management Actions Arising From Third Line of Defence Reviews.....	34
2.3	IA Balanced Scorecard Report Sept 2020 .....	129
2.4	Internal Audit Year In Review 2019/2020.....	139
2.5	IA Annual Assurance Statement 2019/2020.....	152
3.3	Warnervale Aircraft Landing Area Review (Phase 2) Final Report .....	177
4.1	Service Review Update.....	181
5.1	Report from the Office of the Internal Ombudsman.....	184
5.2	Governance and Risk activities update.....	187
6.2	Cyber Security Update - October 2020.....	255
7.1	Gosford Regional Library.....	267
7.2	Q4 2019/20 - Complaints and Compliments Report.....	273
8.1	Mardi to Warnervale Pipeline Project Update.....	288
8.2	IPART Update.....	291
9.1	Contingent Workforce Engagement Report.....	295
11.3	Update on Action Plan endorsed at the 17 June 2020 ARIC meeting .....	302

### CONFIDENTIAL ITEMS (PROVIDED UNDER SEPARATE COVER)

3.2	Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions	
3.3	Attachment 1 of Warnervale Aircraft Landing Area Review (Phase 2) Final Report	
5.3	Update on Legal Matters	

Please note item numbers correspond to items as they appear on the Agenda (see pages 3-5)

Gary Murphy  
Chief Executive Officer

*This agenda includes reports which were originally prepared for 14 October 2020. In some instances it will be necessary for a verbal update to be provided as a result of any subsequent changes.*

ITEM		PAGE	TIME	RESPONSIBLE OFFICER
<b>1</b>	<b>Introduction</b>			
1.1	Welcome, Acknowledgement of Country & Apologies	-	2pm	ARIC Chairperson
1.2	Disclosures of Interest	6		ARIC Chairperson
1.3	Confirmation of Previous ARIC Meeting Minutes	8		ARIC Chairperson
1.4	Outstanding Action Items	21		ARIC Chairperson
1.5	Progress of the 100 day plan	Late Report		Acting Chief Executive Officer
<b>2</b>	<b>Internal Audit</b>			
2.1	CIA Quarterly Progress Report	26	2.10pm 30 minutes	Chief Internal Auditor
2.2	Management Actions Arising from Third Line of Defence Reviews (23/2020ARIC)	34		Chief Internal Auditor
2.3	IA Balanced Scorecard Report	129		Chief Internal Auditor
2.4	Annual Internal Audit – Year in review	139		Chief Internal Auditor
2.5	IA Annual Assurance Statement	152		Chief Internal Auditor
<b>3</b>	<b>External Audit</b>			
3.1	Update on External Audit Activities	Verbal	2.40pm 30 minutes	NSW Audit Office
3.2	Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions (24/2020ARIC)	Verbal/ Confidential Report		NSW Audit Office / Executive Manager, Innovation and Futures
3.3	Airport Review (Phase Two) Final Report (Council Resolution 779/20 from 10 August 2020)	177 Confidential Attachment		Chief Executive Officer
<b>4</b>	<b>Improvements</b>			
4.1	Service Review – report from Innovation and Futures	181	3.10pm 10 minutes	Executive Manager, Innovation and Futures

ITEM		PAGE	TIME	RESPONSIBLE OFFICER
<b>5</b>	<b>Governance</b>			
5.1	SIO Quarterly Progress Report	184	3.20pm 5 minutes	Senior Internal Ombudsman
5.2	Governance and Risk Activities Update (standing item)	187	3.25pm 5 minutes	Unit Manager Governance and Business Services
5.3	Update on Legal Matters (standing item)	Confidential Report	3.30pm 10 minutes	General Counsel
<b>6</b>	<b>IM&amp;T</b>			
6.1	Update on Project Red – Penetration Testing	Verbal	3.40pm	Chief Information Officer
6.2	Update on Data Security and Phishing training	255	15 minutes	Chief Information Officer
<b>7</b>	<b>Connected Communities</b>			
7.1	Update on Regional Library Project	267	3.55pm	Director Connected Communities
7.2	Update on Complaints and Compliments	273	15 minutes	Director Connected Communities
<b>8</b>	<b>Water and Sewer</b>			
8.1	Update on Mardi to Warnervale Pipeline Project	288	4.10pm	Director Water and Sewer
8.2	Update on IPART	291	10 minutes	Director Water and Sewer
<b>9</b>	<b>People and Culture</b>			
9.1	Update on Contingent Workforce Engagement	295	4.20pm 10 minutes	Executive Manager People and Culture
<b>10</b>	<b>Environment and Planning</b>			
10.1	Update on Environmental Management System Update	Verbal	4.30pm 10 minutes	Director Environment and Planning

ITEM		PAGE	TIME	RESPONSIBLE OFFICER
<b>11</b>	<b>General Business</b>			
11.1	General Business – 8 September 2020 Presentation by NSW Audit Officer	Verbal	4.40pm 20 minutes	Unit Manager Governance and Business Services
11.2	Discussion re Format of Meetings – remote, hybrid or in person moving forward.	Verbal		Unit Manager Governance and Business Services
11.3	Commencement of Selection Process for New ARIC Member	302		Unit Manager Governance and Business Services
<b>12</b>	<b>Next Meeting</b>			
	<b>2 December 2020 2pm in Wyong</b> (Location TBC pending Public Health Order)			ARIC Chairperson
	Note: further meeting scheduled to take place in November 2020 – Date TBC (Finance Meeting for purpose of Financial Statements)			ARIC Chairperson
	<b>Close</b>			ARIC Chairperson

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

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14173454

## 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.*

**1.2 Disclosures of Interest (contd)**

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- 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 Meeting  
**Department:** Governance

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14173635



### **Report Purpose**

The purpose of this report is to confirm the minutes of the previous Audit, Risk and Improvement Committee meeting held on *17 June 2020*.

The minutes from 17 June 2020 were circulated to all Audit, Risk and Improvement Committee members by email on 26 June 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 meeting held on 17 June 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 - 17 June 2020      D14048770





**Central Coast Council**

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

Held via Zoom on 17 June 2020 commencing at 2.06pm

**Present**

Dr Colin Gellatly  
John Gordon  
Carl Millington  
Councillor Jane Smith

**Apologies**

Councillor Jeff Sundstrom

**In Attendance**

Gary Murphy	Chief Executive Officer
Boris Bolgoff	Director Roads, Transport, Drainage and Waste
Krystie Bryant	Executive Manager People and Culture
Mark Margin	Acting Chief Information Officer (joined 3.26pm, left 3.45pm)
Carlton Oldfield	Acting Chief Financial Officer
Emma Roberts	General Counsel (joined 3.13pm, left 3.29pm)
Tina Baker	Chief Internal Auditor
Lilly Mojsin	Senior Internal Ombudsman (joined 2.57pm, left 3.25pm)
Michael Ross	Unit Manager Strategic Procurement (joined 4.37pm, left 4.45pm)
Shane Sullivan	Unit Manager Governance and Business Services
Jade Maskiewicz	Assistant Internal Ombudsman
James Taylor	Section Manager Governance
Kelly Drover	Advisory Group Support Officer
Cassie Malone	Audit Office of NSW
David Daniels	Audit Office of NSW
Penny Corkill	Account Manager, Centium, IA Co-Sourced Partner
Danielle Franjic	Grant Thornton (joined meeting 3.45pm, left 4.35pm)
Michael Kazzi	Grant Thornton (joined meeting 3.45pm, left 4.35pm)

**Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd****Welcome, Acknowledgement of Country and Apologies**

Gary Murphy, Chief Executive Officer (CEO) opened the meeting, welcomed attendees and completed an Acknowledgement of Country.

Apologies Received: Councillor Jeff Sundstrom

**1 APPOINTMENT AND ELECTION OF ARIC CHAIR****1.1 Reappointment of ARIC External Independent Members and new Councillors**

The CEO advised of the appointment of two new Councillor representatives on the Committee, Councillor Jane Smith and Councillor Jeff Sundstrom, along with the resolution of Council from the 27 April 2020 Ordinary Meeting to reappoint the three Independent Members, Colin Gellatly for one year, John Gordon for two years and Carl Millington for three years.

**1.2 Election of Audit, Risk and Improvement Committee Chairperson**

The CEO handed over to James Taylor to act as Returning Officer for the Election of the Chairperson.

Nominations from the three Independent External Members were called. One nomination was received for Colin Gellatly and he was duly elected Chairperson.

**Resolution**

**64/2020(ARIC) That the Committee resolve to appoint Colin Gellatly as Chairperson of the Committee for the period of his reappointment, ceasing on 27 April 2021.**

**65/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

**2 INTRODUCTION****2.2 Disclosures of Interest****Resolution**

**66/2020(ARIC) That the Committee receive the report on Disclosures of Interest noting that there were no Disclosures of Interest.**

**67/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any**

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

*listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

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**2.3 Confirmation of Minutes of Previous Meeting**

**Resolution**

**68/2020(ARIC)** *That the Committee confirm the minutes of the previous meeting held on 17 March 2020 noting that they were reported to Council on Monday 11 May 2020.*

**69/2020(ARIC)** *That the Committee recommend 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.*

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**2.4 Outstanding Action Items**

**Resolution**

**70/2020(ARIC)** *That the Committee notes the report.*

**71/2020(ARIC)** *That the Committee recommend that this report and the supporting papers to this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**3 INTERNAL AUDIT**

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**3.1 CIA Quarterly Progress Report**

**Resolution**

**72/2020(ARIC)** *That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Report.*

**73/2020(ARIC)** *That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

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**3.2 Management Actions Arising from IA and NSW Audit Office Reports**

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**Resolution**

**74/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on the implementation of management actions arising from IA reviews.**

**75/2020(ARIC) That the Audit, Risk and Improvement Committee support a process to require management to submit a remediation project plan along with management responses to IA reports, to indicate how the identified issues will be addressed, in what timeframe and how this will be managed in line with the operational activities of the unit.**

**76/2020(ARIC) That the Audit, Risk and Improvement Committee hold an In-Camera meeting with the Chief Executive Officer to discuss Management Actions.**

**77/2020(ARIC) That the Committee recommend that:**

- a. this report and Appendices 1 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.**
- b. pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to Appendices 2 and 3 to this report and not release them to the public for the reasons that they contain information that could compromise the "security of Council, Council Officials and Council property".**

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**3.3 IA Balanced Scorecard Measures Cover Report**

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**Resolution**

**78/2020(ARIC) That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.**

**79/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

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**3.4 IA Four Year Work Programme & 2020/21 Operational Plan**

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**Resolution**

**80/2020(ARIC) That the Audit, Risk and Improvement Committee approve the IA Four Year Work Programme and 2020/21 Operational Plan, in accordance with section 39 of their Charter. Approval of the IT General Control Validation Review (scheduled for Feb-Mar 2021) is subject to the work being conducted by the NSW Audit Office and further discussions between the Chief Internal Auditor and NSW Audit Office.**

**81/2020(ARIC) That the Committee recommend that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

**3.5 Resourcing of the Internal Audit Function**

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**Resolution**

**82/2020(ARIC) That the Audit, Risk and Improvement Committee receive this report on Internal Audit resourcing.**

**83/2020(ARIC) That the Committee note the resourcing options provided and consider Option 2 as preferable, however noting it is a matter for the Chief Executive Officer to determine.**

**84/2020(ARIC) That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

**85/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the supporting paper to this report and recommend that the supporting paper not be release to the public for the reasons that they contain information that contains personal information relating to salaries and costs for particular roles/officers.**

**4 EXTERNAL AUDIT**

**4.1 Review by External Consultant on Holiday Parks**

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**Resolution**

**86/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on Holiday Parks by external consultant.**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

**87/2020(ARIC) That the Committee request an update in 12 months' time on the implementation of the 14 recommendations supported by staff.**

**88/2020(ARIC) That the Committee request outcomes for actions be included in the internal audit and external audit actions.**

**89/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the reasons that it contains Commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of Council.**

4.2 Audit Office 2020 Annual Engagement Plan (AEP) (Confidential Item)

David Daniels from the NSW Audit Office provided the Committee with an update on the progress of the Audit.

**Resolution**

**90/2020(ARIC) That the Committee note the NSW Audit Office 2020 Annual Engagement Plan (AEP).**

**91/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the following reasons:**

- a 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.**

**5 GOVERNANCE**5.1 Report from the Office of the Internal Ombudsman

Shane Sullivan and James Taylor left the meeting and were not present for this item.

**Resolution**

**92/2020(ARIC) That the Committee receive the report on Report from the Office of the Internal Ombudsman.**

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

**93/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and recommend that this report not be release to the public for the reasons that the report contains personal information that could compromise the security of Council, its officers and its property.**

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**5.2 Update on Internal Ombudsman IT Investigation Recommendations**

**Resolution**

**94/2020(ARIC) That the Committee receive the 'Update on Internal Ombudsman IT Investigation Recommendations' report.**

**95/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information that could compromise the security of Council, its officers and its property.**

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**5.3 Audit, Risk and Improvement Committee Charter Update**

**Resolution**

**96/2020(ARIC) That the Audit, Risk and Improvement Committee approve the revised ARIC Charter.**

**97/2020(ARIC) That the Committee make a recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

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**5.4 Review of Actions - Council resolution**

**Resolution**

**98/2020(ARIC) That the Committee note the actions taken in response to the Council resolution of 28 October 2019 and that a further report is to be provided to Council.**

**99/2020(ARIC) 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.**

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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

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**5.5 Governance and Risk activities update**

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**Resolution**

***100/2020(ARIC) That the Committee note the report of Governance and Risk activities.***

***101/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information about matters affecting the security of Council, Council Officials and/or Council property.***

**5.6 OLG draft Risk Management and Internal Audit Framework for Local Councils**

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**Resolution**

***102/2020(ARIC) That the Committee note the assessment of Council's status against the Office of Local Government's draft Risk Management and Internal Audit Framework for Local Councils.***

***103/2020(ARIC) That the Committee note that representatives from the Office of Local Government will be attending a Councillor Briefing on Monday 29 June 2020 at 4.30pm to which the Committee members are also invited.***

***104/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to this report and recommend that this report not be release to the public for the reasons that it contains information about matters affecting the security of Council, Council Officials and/or Council property.***

**5.7 COVID-19 Council Actions**

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**Resolution**

***105/2020(ARIC) That the Committee note the report.***

***106/2020(ARIC) 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.***



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Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

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**5.8 Self-Assessment Survey Action Plan**

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**Resolution**

***107/2020(ARIC) That the Committee receive this report and endorse the draft Action Plan.***

***108/2020(ARIC) 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.***

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**5.9 Update on Legal Matters (Confidential Item)**

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**Resolution**

***109/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report on Update on Legal Matters.***

***110/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be release to the public as:***

- a they may contain confidential advice or confidential communications concerning litigation or legal matters that may otherwise be privileged from production on the grounds of legal professional privilege.***
- b further, on balance, it would not be in the public interest to make this information available as it may compromise Council's ability to ensure the optimum outcome for the community.***

**6 IM&T**

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**6.1 Update from IM&T on Integration of Core Systems**

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Mark Margin (Acting Chief Information Officer) provided the Committee with an update on the integration of core systems.

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**6.2 Cyber Security Update**

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**Resolution**

***111/2020(ARIC) That the Committee receive the report on Council's Cyber Security.***

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

**112/2020(ARIC) That an update on Project Red be provided at the next Audit, Risk and Improvement Committee Meeting.**

**113/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be release to the public as they contain information about matters affecting the security of Council, Council Officials and/or Council property.**

**7 FINANCE****7.1 Presentation by Grant Thornton: Financial Planning after COVID-19**

Danielle Franjic (Senior Manager) and Michael Kazzi (Consultant) from Grant Thornton Australia provided the Committee with a confidential presentation on Financial Planning after COVID-19.

Councillor Smith abstained from voting on this item.

**Resolution**

**114/2020(ARIC) That the Audit, Risk and Improvement Committee:**

- a. endorses the fact that the process has been undertaken by Council;**
- b. notes the thoroughness in which it has been prepared; and**
- c. recommends that there be a feedback loop within the process so the progress can be tracked.**

**7.2 Audit Office Final Management Letter for Year Ended 30 June 2019****Resolution**

**115/2020(ARIC) That the Committee note the Final Management Letter for Year Ended 30 June 2019.**

**116/2020(ARIC) That pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter, the Audit, Risk and Improvement Committee assign a 'confidential' privacy marking to the report and supporting papers and recommend that this report and supporting papers not be released to the public as:**

- a they contain information about matters affecting the security of Council, Council Officials and/or Council property; and**

Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd

- 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.*

**7.3 Finance Update April 2020**

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**Resolution**

*117/2020(ARIC) That Council receive the report on Finance Update April 2020.*

*118/2020(ARIC) That the Committee recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**8 GENERAL BUSINESS**

**8.1 Contingent Workforce Engagement Report**

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**Resolution**

*119/2020(ARIC) That the Audit, Risk and Improvement Committee receive the report regarding Contingent Workforce Engagement.*

*120/2020(ARIC) That the Committee requests an update on the Contingent Workforce Engagement to the next ARIC meeting.*

*121/2020(ARIC) That the Committee request further clarification regarding the Body Hire Arrangements in the Former Wyong Shire Council.*

*122/2020(ARIC) That the Committee recommendation that this report be made publicly available as the nature or content of this report do not fall within any listed exceptions, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

**8.2 Performance Improvement Order**

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Councillor Smith raised the matter of correspondence received from the Planning Secretary (DPIE) indicating that a Performance Improvement Order could be issued by the Department if certain criteria were not met. Councillor Smith queried whether this should be something that the *Audit, Risk and Improvement Committee* should consider.

**Resolution**

*123/2020(ARIC) That the Audit, Risk and Improvement Committee recommend advice be sought from Councils' Legal Team about the contents of the letter.*

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**Minutes of the Audit Risk and Improvement Committee Meeting of Council 17 June 2020 contd**

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**8.3 Project Update**

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The CEO provided a brief update on the Regional Library project and the Mardi to Warnervale Pipeline project.

**Resolution**

***124/2020(ARIC) That the Committee request an update be provided at the next meeting on the Regional Library Project and the Mardi to Warnervale Pipeline project.***

***125/2020(ARIC) That the Committee request an update be provided at the next meeting on IPART's recent announcements on Sydney Water and Hunter Water and what this means for future determinations.***

**8.3 Timing of Meetings**

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The matter of moving meetings to mornings on a Tuesday or Wednesday was discussed.

Staff will investigate options for a Wednesday morning meeting in October and communicate back to the Committee.

**The Meeting** closed at 4.55 PM.

**Next Meeting:** October 2020  
Time and Location TBC



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

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14217905  
Author: Kelly Drover, Advisory Group Support Officer  
Manager: James Taylor, Section Manager Governance  
Executive: Gary Murphy, Chief Executive Officer

### **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.**

### **Key**

**Green** = completed items;  
**Blue** = on agenda for 17 June 2020 meeting;  
**White** = still pending (not overdue); and  
**Red** = overdue

In summary there are:

19 Actions

- 5 Actions have been completed
- 5 Actions are not yet completed and are not overdue
- 1 Action is not completed and is overdue
- 8 Actions will be completed as a result of being on the agenda for this meeting

Item	Meeting Date	Action	Responsible Officer	Status
8.4	1/10/2019	A tour of Council's Water and Sewer Assets for the independent committee members to be scheduled for the week commencing 9 December 2019.	Director Governance	Tour was scheduled for 5 June 2020 however due to the situation with COVID-19, this has been postponed to November/December 2020.
23/2020(ARIC) Item 2.2	17/03/2020	That an update be provided at the next meeting from Director Connected Communities on the 20 open actions for the Directorate	Director Connected Communities	ARIC to receive a report of open actions for all Departments from the CIA at each meeting.
24/2020(ARIC) Item 2.2	17/03/2020	That Management provide an update to the next meeting on the management of s95/94A contributions and the action still outstanding from the June 2016 IA report.	Executive Manager Innovation and Futures	Update to be provided at 6 November 2020 meeting.
75/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee support a process to require management to submit a remediation project plan along with management responses to IA reports, to indicate how the identified issues will be addressed, in what timeframe and how this will be managed in line with the operational activities of the unit.	Chief Internal Auditor	Action is Complete.
76/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee hold an In-Camera meeting with the Chief Executive Officer to discuss Management Actions.	Chief Executive Officer	Action is Complete.

Item	Meeting Date	Action	Responsible Officer	Status
80/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee approve the IA Four Year Work Programme and 2020/21 Operational Plan, in accordance with section 39 of their Charter. Approval of the IT General Control Validation Review (scheduled for Feb-Mar 2021) is subject to the work being conducted by the NSW Audit Office and further discussions between the Chief Internal Auditor and NSW Audit Office.	Chief Internal Auditor	The 2020/21 IA schedule of audits included a review of cybersecurity. IM&T management have instead suggested a review of IT Assets, with cybersecurity being scheduled for 2021/22. ARIC members have been asked to consider this proposal in order to determine which IT audit should be undertaken in the 2020/21 work programme.
83/2020(ARIC)	17/06/2020	That the Committee note the resourcing options provided and consider Option 2 as preferable, however noting it is a matter for the Chief Executive Officer to determine.	Chief Executive Officer	There is currently a moratorium on any new roles and current vacancies.  This situation will be reviewed at the first quarterly budget review.
87/2020(ARIC)	17/06/2020	That the Committee request an update in 12 months' time on the implementation of the 14 recommendations supported by staff.	Unit Manager Business Enterprise / Advisory Group Support Officer	To be included on agenda for June 2021 meeting
88/2020(ARIC)	17/06/2020	That the Committee request outcomes for actions be included in the internal audit and external audit actions.	Unit Manager Business Enterprise / Chief Internal Auditor	Waiting on IT to develop a corporate tracking system

## 1.4

## Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
96/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee approve the revised ARIC Charter.	Advisory Group Support Officer	Action is Complete.
98/2020(ARIC)	17/06/2020	That the Committee note the actions taken in response to the Council resolution of 28 October 2019 and that a further report is to be provided to Council.	Unit Manager Governance and Business Services	Action is Complete.
107/2020(ARIC)	17/06/2020	That the Committee receive this report and endorse the draft Action Plan.	Unit Manager Governance and Business Services	Action is Complete.
112/2020(ARIC)	17/06/2020	That an update on Project Red be provided at the next Audit, Risk and Improvement Committee Meeting.	Acting Chief Information Officer	Verbal update to be provided at 6 November 2020 meeting.
114/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee: <ul style="list-style-type: none"> <li>a. endorses the fact that the process has been undertaken by Council;</li> <li>b. notes the thoroughness in which it has been prepared; and</li> <li>c. recommends that there be a feedback loop within the process so the progress can be tracked.</li> </ul>	Chief Financial Officer	Update to be provided at 6 November 2020 meeting.
120/2020(ARIC)	17/06/2020	That the Committee requests an update on the Contingent Workforce Engagement to the next ARIC meeting.	Executive Manager People and Culture	Update to be provided at 6 November 2020 meeting.
121/2020(ARIC)	17/06/2020	That the Committee request further clarification regarding the Body Hire	Executive Manager	Update to be provided at 6 November 2020 meeting.



## 1.4 Outstanding Action Items (contd)

Item	Meeting Date	Action	Responsible Officer	Status
		Arrangements in the Former Wyong Shire Council.	People and Culture	
123/2020(ARIC)	17/06/2020	That the Audit, Risk and Improvement Committee recommend advice be sought from Councils' Legal Team about the contents of the letter.	Chief Executive Officer	Awaiting advice from Legal
124/2020(ARIC)	17/06/2020	That the Committee request an update be provided at the next meeting on the Regional Library Project and the Mardi to Warnervale Pipeline project.	Director Connected Communities / Director Water and Sewer	Update to be provided at 6 November 2020 meeting.
125/2020(ARIC)	17/06/2020	That the Committee request an update be provided at the next meeting on IPART's recent announcements on Sydney Water and Hunter Water and what this means for future determinations.	Director Water and Sewer	Update to be provided at 6 November 2020 meeting.

### Attachments

Nil



**Item No:** 2.1  
**Title:** Chief Internal Auditor's Quarterly IA Progress Report  
**Department:** Chief Executive Officer's Unit

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14224597  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

### Summary

A report on the activities of Internal Audit since the last update to the Audit, Risk and Improvement Committee on 17 June 2020. 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).

### Recommendation

- 1 That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Quarterly Progress Report.**
- 2 That the Audit, Risk and Improvement Committee determine which IMT audit they would like to be conducted as part of the 2020/21 IA work programme.**
- 3 That the Committee make a recommendation that this report and supporting paper be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.**

### 1. IA FRAMEWORK – BUSINESS ASSURANCE

1.1 This element of the framework relates to the business assurance reviews or the schedule of audits, which forms the largest component of time assigned to the IA work programme.

#### Audit Reports Finalised

1.2 Since the last ARIC meeting on 17 June 2020, **three** reports have been issued in final:

- 02/19-20 Contract Management
- 04/19-20 ELT/Leadership Team Facilities, Allowances and Expenses; and
- 05/19-20 IT Governance

1.3 As is standard practice, all members of the Audit, Risk and Improvement Committee members are provided with copies of the IA reports when they have been finalised. Consequently, this report contains just a summary of the key issues from each finalised report.

### Audit Reports In Draft

1.4 **Three** reports from the 2019/20 audit schedule are in draft, awaiting management responses:

- 03/19-20 Complaints Management – management responses overdue
- 06/19-20 Purchase Cards, Trade Cards and Other Credit
- 07/19-20 Contractors, Temporary and Contingent Labour Hire

1.5 An additional report - *Fire Safety in Community Buildings* - following a joint review/investigation with the Internal Ombudsman's office was produced for the CEO in July 2019. It carried recommendations but did not seek management responses to the actions, as it was not part of the audit schedule but instead was a quick review responding to staff concerns flagged to the Chief Internal Auditor and an incident being raised with the Internal Ombudsman.

1.6 Since the last ARIC meeting, at which it was determined that all reviews by IA, the Audit Office, the Internal Ombudsman and external consultants should be captured in the *Management Actions Arising From Independent Reviews* report, the report on *Fire Safety in Community Buildings* has been re-issued with a request for management updates on the recommendations made (which have been received and are shown in the *Management Actions* report).

### Audits Underway

1.7 **Two** reviews from the 2020/21 audit schedule are nearing completion, with planning in train for two others:

- 01/20-21 Water Quality and Supply Management – closing stages of fieldwork
- 02/20-21 Payroll – fieldwork completed. Close out meeting scheduled
- 03/20-21 COVID-19 Response Remote Working Control Environment – early planning stages
- 04/20-21 NHV Accreditation – Terms of Reference drafted; test papers set up ready to start in January 2020 (in accordance with NHV scheduling requirements)

Note the additional review – NHV Accreditation – has been added into the schedule and this will be conducted by the Chief Internal Auditor. To save costs on external consultants, it is proposed to bring this review back in-house, going forward.

### Summary of Key Issues from Finalised Audits

#### *02/19-20: Contract Management*

1.8 The following extracts summarise the key findings of the final report of Contract Management:

*Our review identified that the controls over the key risks in contract management are **inadequate and require improvement.***

*"This is mainly due to the lack of a complete and approved contract management framework, and consequent inconsistencies in the approach to contract management across Council. Noting that for an enhanced framework to be effective it would also need comprehensive implementation, monitoring and compliance by the Directorates.*

*An approved framework would add clarity regarding roles, responsibilities, processes, expectations, knowledge retention, and confirmation that risks are being considered and addressed. Improved reporting and data capture are also recommended to strengthen the control environment.*

*This audit identified that the contracts register, although incomplete and in need of support contains the best information available on contracts requiring management. Based on this data Council had approximately 470 contracts (greater than \$150K), with a total value of \$1,141,444,000 in FY 2018/19."*

1.9 A total of **12** recommendations were made to address identified control weaknesses and process/system vulnerabilities, with the associated risk exposure ratings as follows: **6 – high**; and **6- moderate**. All recommendations in whole or part, were accepted by management.

*04/19-20: Executive and Leadership Team Allowances, Facilities and Expenses*

1.10 The following extracts summarise the key findings of the final report of Executive and Leadership Team Allowances, Facilities and Expenses:

*"Our review identified that the controls over the key risks in leadership team allowances, facilities and expenses are **generally inadequate and require improvement.***

*This is mainly due to the lack of a staff expenses policy which has not existed since amalgamation four years ago, even though there is an excellent template, based on Office of Local Government guidance, applicable for Councillors. An approved policy would allow for clarity in staff expectations regarding acceptable claims for reimbursement, and support a culture of accountability, equity, and transparency. Improved reporting is also recommended to strengthen the control environment, similar to current practice with the Councillors.*

*The report identified a number of instances whereby claims for reimbursement may not be perceived as "reasonable". In the absence of a policy framework, it is unclear whether such claims are acceptable. Where such instances are identified throughout the report, we have recommended that Council's position be documented to ensure a transparent and fair approach is applied to all staff. Where applicable, we have also suggested that Council's position be reinforced through training and appropriate approval.*

*In addition, a number of claims were identified that could not be validated, were duplicates or appeared excessive or unreasonable. These were reported separately in a Management Letter and have been passed across to the Internal Ombudsman's office for further investigation and to determine whether Council should seek repayment or take further action."*

1.11 A total of **18** recommendations were made to address identified control weaknesses and process/system vulnerabilities, with the associated risk exposures ratings as follows: **11 – high; 6 moderate; and 1 low**. All recommendations, in whole or part, were accepted by management.

### *IT Governance*

1.12 The following extracts summarise the key findings of the final report of IT Governance:

*"The audit identified that the controls over the key risks in IT Governance are **generally effective with opportunity for improvement**. IT operations are streamlined, and policies/procedures are being harmonised. IT operations and service delivery are well-practised, with roles and responsibilities generally assigned.*

*The audit found some gaps in the governance framework, in particular, IT system change and release management, IT continuity, and IT recovery. This is mainly due to the lack of a complete and approved IT strategy, inadequate documentation of change management procedures given lack of redundant power feeds at the secondary data centre, and other missing documents.*

*The audit made a number of positive observations, including about the experience and skill of the IT team, and the high volume of information technology initiatives currently being delivered. Council reviews vendors' security assurance reports periodically.*

*The audit also noted that Council is developing an IT Strategy with a vendor via an active engagement. Project documentation is also in place, including project charters, project plans and functional requirements, for large information management and information technology enabled projects. The IMT team is currently drafting a formal release management procedure."*

1.13 A total of **13** recommendations were made to address identified control weaknesses and process/system vulnerabilities, with one improvement opportunity. The associated risk exposure ratings were as follows: **2 – high; 9 – moderate; 2- low**. Of the recommendations, 10 were accepted by management in whole or part, 2 were already actioned by the time the report was finalised and 1 action (relating to a low rated finding) was not agreed to take forward at this time, due to business processes not yet being in place to facilitate efficient implementation of the action.

### **Validation and Follow Up**

1.14 Word documents and Excel spreadsheets are still being utilised to track management actions which remains cumbersome and time-consuming. However, since the last ARIC

meeting, assistance from the Innovation and Futures unit has been provided, and the tracking system is being moved across to Smartsheet, until such time a corporate tracking system is identified and implemented. This will allow management to track and update their actions for themselves, at a time of most convenience to them. This should also make the reporting and data analysis a lot more efficient.

1.15 In accordance with the ARIC request at their meeting of 17 June 2020, the tracking system and report has been extended to include:

- Findings and recommendations from all IA reports
- Findings and recommendations from all Internal Ombudsman reports
- Findings and recommendations from all NSW Audit Office reports (management letters and performance audits where specific to Central Coast Council)
- Findings and recommendations from all external consultant reports
- Findings and recommendations from any other third party agencies as part of Council's third line of defence

1.16 For the purpose of reporting to this meeting there have been no 'other' third party agency reviews. All Internal Audit and NSW Audit Office reports have been captured. Management were requested to provide copies of all relevant consultant reports along with updates to the recommendations, and a positive response was received from across the units. The latest report incorporates all these findings and management updates. No Internal Ombudsman reports were provided so this information remains outstanding. Further details and the latest position is captured separately in the (re-named) quarterly report: *Implementation of Management Actions Arising From Third Line of Defence Reviews*.

1.17 It must be stressed that the addition of all these reports along with the finalisation of IA reports, does mean that the total number of management actions has risen significantly. It is crucial however, that management and ARIC focus is not on the number of actions or on trying to reduce that number per se, but instead focus on fixing the broken systems and controls that gave rise to the findings in the first instance. The IA paper *Fixing the Basics* presented to the ARIC meeting of 17 June, contained a number of solutions to help address this. To identify where broken systems are not being fixed, IA reports now highlight where there are repeat issues or findings ie if previous IA or Audit Office reports have identified the same weaknesses.

## 2. IA FRAMEWORK – CONSULTING & ADVISORY ACTIVITIES

### ***Stakeholder Engagement***

2.1 Discussions were held with the CIO and other IMT staff on the proposed Cybersecurity review in the approved IA schedule of audits for 20120/21. Management proposed postponing this review for a further year and instead have an audit conducted of *Management of IMT Assets: Procurement to Disposal*. The ARIC members have been notified of this proposal and **a decision is sought from this meeting which IMT audit they would like to be conducted as part of the 2020/21 IA work programme.**

## **2.1 Chief Internal Auditor's Quarterly IA Progress Report (contd)**

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2.2 Assistance has been provided to Water and Sewer staff this quarter, who are establishing their own management review team and an associated program of work. This included a presentation on the process to follow when undertaking a comprehensive review process and understanding risks and controls so that relevant testing can be performed.

2.3 The *Year in Review* report is presented to this meeting of ARIC under separate cover. It should be noted that the *Year in Review* report covers the key achievements and deliverables from Internal Audit over the previous year, vis a vis the approved IA work programme. Yet whilst this report covers what IA did, it does not really look at what we learnt from it. These learnings will be shared with the CEO and ARIC in the *Emerging Themes Report* presented to the December meeting.

2.4 Central Coast Council hosted the Local Government IA Network meeting in July, including a welcome introduction from the CEO and online presentations on the topics of:

- COVID and rethinking the future around climate change
- Digital maturity
- Delivery of IA services through a co-sourced model
- Auditor-General reports on the Local Government sector

2.5 An engagement session was held with the Executive Leadership Team during this quarter to present the findings from the Complaints Management audit, as the issues had a corporate wide application and the recommendations required a strategic response and/or strategic direction. The management responses to this report are overdue at the time of writing.

## **3. IA FRAMEWORK – QUALITY AND PERFORMANCE**

### ***Monitoring and Measuring the Performance of the IA Function***

3.1 The CIA is currently reviewing the customer satisfaction survey and aiming to get it set up in a way that is more accessible. At present it is only available through an emailed link, as the corporate intranet system is still disparate, with former Council site links and information being spread across different applications such as the former Council intranet pages, Sharepoint, SmartSheet and Power BI.

3.2 A strategic planning session was held with the Account Manager at Centium to determine a final report template, including format, style and content, to be used going forward, regardless of who has conducted the review.

3.3 A team feedback session with Centium consultants was also held to determine what is working well and what could be improved. This feedback will be captured as part of the *Emerging Themes Report*, to be presented in December. A post-audit review form has been introduced to hold a wash up meeting after each audit, to identify what worked well, where there were set-backs, opportunities for improvement and what further action might be

required – such as a further review in a later audit programme, or broader engagement with staff on specific issues etc.

#### **4. ORGANISATIONAL RISK ANALYSIS AND IA WORK PROGRAMMING**

4.1 For the 2020/21 work programme and beyond, IA reports will contain an appendix showing what (if any) associated risks are in the corporate risk registers and suggestions for additional risks (if appropriate) to be captured, in light of the audit outcomes. The Enterprise Risk Manager has been added to the distribution list for final IA reports so he can consider the risks identified in the audit reports and determine what additional work is required in the registers, whether creating additional risks or re-evaluating existing risks.

#### **5. CONCLUSION**

5.1 The delivery of audits as per the work schedule is progressing well. Delivery of the work programme under the other elements of the IA Framework is also starting to gain traction and the co-sourced partnership with Centium is assisting considerably with delivery of the approved schedule of reviews.

Appendix 1 shows progress of audits and reports finalised so far from the 2019/20 and 2020/21 work programmes.

#### **Attachments**

- 1 Appendix 1 CIA Progress Report Sept 2020      D14223557



## IA: AUDIT PROGRESS REPORT (as at end September 2020)

### 2020/21 Audit Schedule

Report No	Report Title	Status
01/20-21	Water Quality and Supply Management	Closing stages of fieldwork.
02/20-21	Payroll	Fieldwork completed. Close out meeting scheduled for 12/10/20
03/20-21	COVID-19 Response: remote working control environment	Planning stages. Scheduled for Nov-Dec 20
04/20-21	NHV Accreditation	File and test papers set up. Scheduled for Jan 21. To be conducted by the Chief Internal Auditor.
04/20-21	IMT audit – topic still to be determined*	Not started. Scheduled for Jan-Apr 21.
05/20-21	Roads Maintenance ('pothole management')	Not started. Scheduled for Feb-Jun 21.
06/20-21	Property Rates – Setting, Billing, Collection and Recovery	Not started. Scheduled for Jun-Sep 21.

### 2019/20 Final Reports Issued

Report No	Report Title	Notes
01/19-20	Councillor Facilities, Allowances & Expenses	Final report issued April 2020
02/19-20	Contract Management	Final report issued May 2020
04/19-20	ELT/Leadership Team Facilities, Allowances & Expenses	Final report issued September 2020
05/19-20	IT Governance	Final report issued September 2020

### 2019/20 Draft Reports Awaiting Finalisation

Report No	Report Title	Status
03/19-20	Complaints Management	Awaiting management responses (overdue)
06/19-20	Procurement Cards, Store Cards, Store Accounts, Gifts Cards and Other Credit Style Accounts	Awaiting management responses
07/19-20	Contractors, Temporary and Contingent Labour Hire	Awaiting management responses

\* IMT audit originally scheduled for a review of *Cybersecurity*. CIO suggested postponing cybersecurity for a further 12 months, and instead replace the 2020/21 audit with a review of *Management of IMT Assets: Procurement To Disposal*. Awaiting ARIC decision.



**Item No:** 2.2  
**Title:** Implementation of Management Actions Arising From Third Line of Defence Reviews  
**Department:** Chief Executive Officer's Unit

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14239936  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

### **Summary**

The report on *Implementation of Management Actions Arising From Third Line of Defence 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 39 (d) and (e) of their Charter obligations, which states: "*The Committee is responsible for: [inter alia]*

- *reviewing all audit reports and considering 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 third line of defence reviews.**
- 2 That the Audit, Risk and Improvement Committee discuss the control framework in light of the information in this report and the appendices, and advise Council and the CEO accordingly, in line with ARIC Charter obligations section 36, Control Framework.**
- 3 Pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter, that the Audit, Risk and Improvement Committee consider assigning a 'confidential' privacy marking to Appendices 1-3 to this report for the reasons that they contain information about control weaknesses and system vulnerabilities that could compromise the "security of Council, Council Officials and Council property".**

### **The Three Lines of Defence**

In line with requests from previous ARIC meetings, this report has been expanded to include findings, recommendations and management updates in respect of NSW Audit Office reports and annual audits, external consultant reports and Internal Ombudsman reports, as well as

## **2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)**

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the usual Internal Audit reports. Consequently the report has been renamed: *Management Actions Arising From Third Line of Defence Reviews*.

The three lines of defence model is a framework that is intended to illustrate how the various levels of governance, risk and compliance interact in an organisation and where responsibilities lie for each. In the context of Council, the first line of defence is the CEO and Executive, with responsibility for setting strategic direction, setting and tracking budgets, performance standards reporting, behavioural expectations and determining and approving the resources to deliver the critical components of integrated planning, namely workforce management, financial strategy and asset management. They are supported by the leadership team, who manage the resources to deliver against the strategy and ensure the deliverables are on time, on budget and to a satisfactory quality. This first line effectively sets the 'governance' framework for the organisation.

The second line of defence is front line management who manage the day to day operational risks to the organisation and are responsible for ensuring that policies and procedures are being followed, legislative requirements being met, risks are being mitigated and that systems are operating efficiently. In the event of system failure or control breakdown, the information/hierarchy of decision-making flows back to the first line of defence for direction and guidance on remedial action. Accurate, timely and relevant information, data and management reporting are crucial to support the efficient and effective operations between these two lines and inform strategic decisions such that the delivery of services are efficient, economical and in line with the needs and expectations of the community.

The third line of defence relates to the functions responsible for independently and objectively assessing the first two lines of defence to determine whether Council's system, processes, frameworks and controls are operating sufficiently in order to:

- manage risks and accomplish objectives
- comply with regulations, legislation, policies, procedures and good practice guidelines
- produce reliable information, upon which sound and timely decisions are made
- operate economically, efficiently and effectively
- safeguard Council assets

Management controls should be robust enough to withstand various stresses, such as might be experienced under disaster recovery conditions or the crystallisation of significant risk events. The third lines of defence comprise functions such as Internal Audit, External Audit (the NSW Audit Office), external consultants engaged to review processes and the Internal Ombudsman. These functions assess the effectiveness and efficiency of controls and make recommendations where vulnerabilities are found. The Internal Ombudsman investigates when control failings have been exploited leading to theft, maladministration, corruption, fraud or other adverse actions that are detrimental to Council. Investigations are retrospective ie taking place after an adverse event has occurred or whilst an adverse event is happening. Internal Audit is more forward looking insofar as IA tests controls and makes

## **2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)**

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recommendations to strengthen them, to prevent the adverse event from occurring. To safeguard the independent nature of the third line of defence, and protect the integrity of 'talking truth to power, without fear or favour', the internal IO and IA functions have a dual reporting line – administratively to the CEO and functionally to the ARIC.

### **The Process**

When third line of defence 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. For issues identified in IA reports, It can be seen from management actions tables, that this has not necessarily been the case with the external consultant reviews and most external reviews have been conducted but without any formal management responses or nominated officers to remediate the identified issues. IA advise management that any externally commissioned reviews should always be closed out through a formal management response plan to provide a record of what action was taken in response. IA has provided a template to the Executive and Unit Managers to assist with this process.

Internal Audit has responsibility for tracking the recommendations and management responses and these are now being captured in an Audit Task Tracker held in SmartSheet. This will be the tracking mechanism used going forward, until such time that a corporate action tracking system, which links identified issues with the risk registers, has been implemented. The SmartSheet Tracker will be rolled out to staff in the next few months and will enable managers to update their actions when appropriate, rather than when formally commissioned by IA each quarter. 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.

This report includes:

1. all open actions arising from IA reviews
2. all open actions arising from NSW Audit Office (NSWAO) reports
3. all open actions arising from external consultant reports, as reported by Management to IA

Work is being carried out to also incorporate reports and recommendations arising from IO investigations and these should be captured in the ARIC report to the December 2020 meeting. That way the Committee have the complete picture of all the reviews of Council systems and processes, the extent of control weaknesses and system vulnerabilities and any recurring root causes and issues.

It must be noted that the number of outstanding actions will fluctuate depending on the finalisation of reports, the number of reviews in train and the number of actions accepted by management. Likewise, the number of overdue actions will be influenced by the length of

## 2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)

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time management indicate it will take to address the issues. **It is important that the focus of the Committee is on the issues identified and the significance of the findings, along with how management intend to address the control weaknesses, rather than on the actual number of issues or the due dates (which are set by management).** To that end, appendices 1-3 to this report give a detailed breakdown of all the open issues raised in IA reports, NSW Audit Office reports and external consultant reports and the management responses to addressing those issues.

### Remediation

At the last ARIC meeting (17 June 2020), the Chief Internal Auditor presented a paper, "*Fixing The Basics*" which outlined the issues arising from management actions and the need for timely action to address the breakdown of basic controls in key systems, given the build-up of unresolved actions. The risk was outlined as follows:



## *What's the Risk?*

### ***If basic controls are broken and not being fixed in a timely manner, what confidence can the CEO, ARIC and the community have that:***

- Council is capable of delivering major capital projects on time, on budget and to the right specification and legislative requirements?
- Council's finances are being managed prudently and underpinned by informed budgeting?
- Council's assets are adequately safeguarded, managed, maintained, acquired and disposed of?
- Council will accomplish its objectives and meet the needs of the community in a cost-effective, efficient manner?
- Council is complying with legislation and operating economically, efficiently and effectively, maximising resources and with high performance levels?
- Information being reported and used for key decision making has integrity, is complete and reliable?
- Council has adequate and effective safeguards against fraud and corruption, theft, employee sabotage and other adverse activities?
- Staff are being fully utilised, performing to a high level, are being fairly recompensed and adequately trained to conduct their duties, with opportunities to progress and develop personally and professionally if desired?

In light of the number and significance of issues being highlighted in this latest report, it is crucial that action is taken to fix the identified broken controls. It is equally critical however that the action taken focuses on fixing the system vulnerabilities and weak controls and not on 'cleansing the list' ie closing actions out to simply get them off the report without actually addressing the issues, root causes and weaknesses identified. Otherwise, Council remains exposed to the broken controls whilst the vulnerability is no longer monitored.

It is noted that at the June 2020 meeting ARIC approved the process whereby managers are required to produce a project/remediation plan which clearly sets down along a project

## 2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)

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timeline, what action management is going to undertake and by when and whom, within their existing resourcing, which will address the issues raised in the IA report and any other system/process improvements considered appropriate. The purpose of this was to strengthen accountability and ensure that fixing system vulnerabilities and improving management controls formed part of regular operational activities and management responsibilities rather than being treated as a separate piece of work or set of tasks being imposed by Internal Audit or other third lines of defence. The remediation plan was supposed to form part of the unit's operational plan for the relevant time period until all actions are complete, just like any other project or specific piece of improvement work. Unfortunately, the management response to this has been poor and, of the IA reports finalised since this requirement was introduced, only the Contract Management report has been accompanied by a remediation plan.

The suggestion for a remediation plan was intended to help strengthen accountability and complement the previously agreed process of Directors to provide the CEO with an annual assurance sign off statement to verify actions taken in response to audit findings, which builds on proposals by OLG in their paper: *"A New Risk Management and Internal Audit Framework for Local Councils in NSW"*.

Without an operational timeline of actions and improvements as set down in the remediation plan it is more difficult to get assurance that the appropriate actions are being undertaken and are part of a general work programme of ongoing system review and improvement by management. As has been previously highlighted to the Committee, Internal Audit does not have the resources to conduct follow up or validation reviews, given the limited budget and higher risk priorities of strategic, operational, mandatory and IM&T audits in IA's business assurance work programme.

### Current Status of Actions Arising From IA Reviews

As at the last report there were **43** open actions from IA reviews at the closing balance. Since then:

- **4** IA reports have been finalised (IT General Controls, ELT/SLT Expenses, Contract Management and Fire Safety in Community Buildings)
- **48** new actions have been added, arising from these 4 reports
- The additional new actions brought the opening balance up to **91** open actions from **12** open reports
- Management have closed **31** actions this quarter
- Leaving a closing balance of **60** open actions and **11** open reports

### Current Status of Actions Arising from NSWAO Reports

As at the last report there were **79** open actions from NSW Audit Office reports at the closing balance. Since then:

## 2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)

- **No** further actions have been added
- With no additional new actions, there was an opening balance of **79** open actions arising from **4** open reports
- Management have closed **20** actions
- Leaving a closing balance of **59** open actions and **4** open reports

### Current Status of Actions Arising from External Consultant Reports

This is the first time external consultant reviews have also been captured in this report.

- **9** external consultant reports, dating back to March 2018, were provided to IA for inclusion in this report
- Of the 9 reports, **4** were commissioned by Governance, **2** by IMT, **1** by Innovation and Futures, **1** by Roads, Transport, Drainage, Waste and **1** by Connected Communities
- **157** actions were presented in the external consultant reports, arising from the **9** reports
- **23** actions were closed by management this quarter
- Leaving a closing balance of **134** open actions and **9** open reports

### Key Data

There is a combined total of **253** open management actions arising from all open reports of IA, the NSW Audit Office and external consultants.

The status of open actions are with the following departments:

Dept	IA Reviews	NSW AO Reports	External Consultancies	TOTAL
Finance	3	33	0	36
Governance	9	0	83	92
People & Culture	32	8	0	40
Connected Communities	6	0	12	18
Roads, Transport, Drainage & Waste	0	2	12	14
Environment & Planning	0	0	0	0
Innovation & Futures	0	11	17	28
IM&T	10	5	10	25
<b>TOTALS</b>	<b>60</b>	<b>59</b>	<b>134</b>	<b>253</b>

It should be noted that there has been some transfer of responsibility since the last report:

## **2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)**

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- The strategic planning team responsible for implementing actions relating to local infrastructure contributions has transferred from Environment and Planning to Innovation and Futures
- The strategic procurement unit has transferred to People and Culture for the purpose of reporting, in the absence of a Chief Financial Officer

Of the 60 open actions from IA reviews:

- 46 are not yet due
- 8 are overdue by 1-6 months (6 high, 2 moderate)
- 3 are overdue by 7-12 months (3 high)
- 1 is overdue by 13-24 months (moderate)
- 1 is overdue by 25 months or more – action date was 30/6/2015 (moderate) – related to CCTV at the former Wyong Shire Council
- 1 was not assigned an implementation date by management (related to the Fire Safety in Community Buildings report)

Of the 59 open actions from NSW Audit Office reviews:

- 10 are not yet due
- 26 are overdue by 1-6 months (15 moderate, 10 low, 1 not rated)
- 4 are overdue by 7-12 months (4 moderate)
- 19 were not assigned an implementation date by management (8 high, 10 moderate, 1 low)

Up to now, external consultant reports have not required formal management responses or implementation dates for tracking and reporting to ARIC. Only one of the nine external consultant reports presented any risk ratings with the findings. Of the reports provided to IA for the purposes of inclusion in this report, management were requested to provide updates on actions taken in response to the recommendations in the external consultant reports and proposed implementation dates. Of the 134 open actions arising from external consultant reports:

- 108 actions are not yet due – implementation dates assigned by management range from 30 September 2020 (not yet due at time of preparation of this report) through to 30 June 2024
- 26 have not been assigned an implementation date by management

### **Conclusions**

It is incumbent upon management (at all levels) to ensure controls are effectively mitigating the associated risks and that their systems/processes are operating efficiently and cost-effectively. It can be discerned from management comments in the actions table whether recommendations arising from third line of defence reviews are being considered as making an important contribution to strengthening systems and process controls or whether they are



## 2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)

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perceived as an additional set of management tasks that seem to sit outside of operational business as usual.

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 proposed remediation/project plan concept is a way to improve this situation and bring system improvements and the strengthening of management controls in to the operational activities of the responsible unit, rather than being treated as separate actions to be undertaken in isolation at some future date. It will not be effective however if management do not subscribe to the provision of such plans or see the value in helping them to deliver against their objectives more efficiently and effectively, through the improvement of management controls.

The Audit, Risk and Improvement Committee are encouraged to use the information in reports from third line of defence providers, this report and the accompanying tables to:

- ensure they are satisfied that the management responses on closed actions sufficiently address the audit issues and risks highlighted;
- identify any specific strategic or operational activities they would like to discuss with management at future meetings in respect of risk mitigation measures and system/process improvements;
- form a view on the control framework and advise Council and the CEO accordingly, in line with ARIC Charter obligations section 36, *Control Framework*, namely:
  - a) reviewing whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
  - b) reviewing whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
  - c) progressively reviewing whether appropriate processes are in place to assess compliance with policies and procedures;
  - d) reviewing the annual performance of Council against the key performance indicators documented in the Operational Plan, and providing advice to

## **2.2 Implementation of Management Actions Arising From Third Line of Defence Reviews (contd)**

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the Chief Executive Officer on the adequacy of Council's performance against these indicators;

- e) reviewing whether appropriate policies and procedures are in place for the management and exercise of delegations; and
- f) reviewing whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### **Attachments**

<b>1</b>	Appendix 1 SEPT 2020 INTERNAL AUDIT Management Actions table	D14231765
<b>2</b>	Appendix 2 SEPT 2020 AUDIT OFFICE Management Actions table	D14231766
<b>3</b>	Appendix 3 SEPT 2020 EXTERNAL CONSULTANT Management Actions table	D14231767



**Item No:** 2.3  
**Title:** IA Balanced Scorecard Report Sept 2020  
**Department:** Chief Executive Officer's Unit

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14224744  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

### **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.

### **Recommendation**

- 1 That the Audit, Risk and Improvement Committee receive the Chief Internal Auditor's Balanced Scorecard Report.**
- 2 That the supporting papers to this Report be made publicly available, pursuant to Clauses 78 & 79 of the Audit, Risk and Improvement Committee Charter.**

### **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.

### **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. There is also a set of service standards which are not formally measured but are an indication of the desired intent to help keep the audit process on track in a timely fashion. So at present the service standards are more aspirational rather than a formal requirement.

The attached table at appendix 1 shows IA's latest progress against the existing balanced scorecard measures. It also lists the current service standards.

**Context**

As reported to the last meeting, a review of the balanced scorecard measures and service standards is in the 2020/21 IA work programme under the IA Quality and Performance element of the Framework.

It is anticipated that the outcome of the review will be a set of measures more directly aligned with the elements of the IA Framework (and therefore full IA work programme). Centium, the CEO and members of the Committee will be invited to provide their own feedback on what they consider to be useful measures and service standards to inform the process. Resources from the IIA will also be drawn upon and the Chief Internal Auditor will investigate options to automate the measures as far as possible (at present the information is simply input manually from various sources into a tracking spreadsheet). It is intended to bring the service standards and balanced scorecard measures into one set of requirements. This work will begin in early 2021..

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.

**Summary of Progress Against Measures***1. Audit, Risk & Improvement Committee*

Initiatives to address the issues raised in the ARIC survey (reported to the meeting of 17 March 2020) will be considered as under the scorecard measures review.

*2. Executive & Audit Customers*

The Executive feedback survey remains overdue.

Completion rates for the Customer feedback survey are not that high and the survey is difficult to access. As reported in the CIA quarterly IA progress report, at present the survey is only available through an emailed link, as the corporate intranet system is still disparate, with former Council site links still on the main landing page and information being spread across different applications, such as SmartSheet, which are also difficult to access without shared links.

Informal feedback of consultancy work is tracking very positive and consideration is being given to ways this can be captured, without being too onerous.

There is need for a refresh of the format and questions in the customer feedback survey and also of the format/style and content to optimise the completion and usefulness of a survey of the Executive. This will all be captured under the review starting in early 2021.

### *3. Internal Audit Processes*

All audits in the 2019/20 have been completed (with management responses outstanding on three draft reports) and the 2020/21 audit schedule is on track. In addition to all the audits in the 2019/20 programme being delivered, a further five reports from previous years were also finalised during the 2019/20 period.

Centium are delivering all audits in line with the budgeted allocation of days but the duration of audits are generally taking longer than 12 weeks, measured from start date of fieldwork (opening meeting) to date of issue of draft report. In addition the turnaround times to finalise reports is still taking longer than the 15 day standard. The reasons for these delays are partly because of:

- Centium contractors not having access to Council systems;
- delays around the timely provision of information, the incompleteness of information in Council systems and the integrity of information to facilitate audit testing;
- the impact of COVID-19 in respect of access to information and staff and Centium contractors capacity to access Council systems;
- the pressure and volume of work within the IA unit;
- work and other priorities of managers impacting on a timely response to draft reports;
- difficulties in getting a co-ordinated response or single point of ownership to recommendations that apply across different departments or units or don't easily fit under one specific unit's area of responsibility

The service standards and scorecard measures will be reviewed early in 2021 which will included consideration to ways the measures and standards can be better articulated, more efficiently tracked and measures and remediation actions where targets are not being met.

### *4. Innovation, Professional Development and Capability*

As reported to the last meeting, volume of work has meant that the Chief Internal Auditor's professional development activities have fallen away and the target outcome (also a requirement under IIA professional accreditation) is not being met.

*"Develop & implement an IA innovation plan to deliver IA services differently and more effectively"* forms part of the Quality and Performance element of the IA Work Programme for 2020/2021. There are a number of initiatives under consideration but the successful implementation of these will depend on the capacity of the CIA, going forward. At present the CIA has no capacity for such development activity.

## **Conclusions**

The measures are a useful barometer to overall service delivery by IA, though of course it is important to understand the reasons where measures aren't being met to determine if this is an indication of general decline of service (and why) or one-off, extenuating circumstances. A review of the measures in early 2020/1 will enable the Quality and Performance element of the IA Framework to both drive and support the IA deliverables and be directly aligned with the performance of the Chief Internal Auditor as measured through the appraisal system. This model will aim to reflect the best practice as set out in the OLG discussion paper proposals for "A New Risk Management and Internal Audit Framework for Local Councils in NSW".

**Attachments**

- 1 Appendix 1 IA Balanced scorecard report Sept 2020 D14224742

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

## 1. Audit, Risk and Improvement Committee

No	Measure	Mechanisms	Target Outcome	Progress To Date
1.1	<p>Level of satisfaction with quality, type and volume of information presented and reported.</p> <p><i>Links to IIA standard 1100</i></p>	<p>Satisfaction survey to all members of the Committee every two years.</p> <p><i>(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).</i></p>	<p>Improved trend for 'overall level of satisfaction' (or sustained positive ratings) indicated by each survey.</p> <p>Satisfaction rating for each part of the survey to be scored as "Good" or higher.</p>	<p>Committee members are welcome to submit feedback at any time without waiting for a formal survey process to be undertaken.</p> <p><b>Survey conducted Dec 19/Jan 20 – reported to ARIC 17/3/20.</b> Feedback will be taken into consideration as part of the review of IA scorecard measures and service standards in early 2021.</p> <p>Average rating (out of 5) on these elements: 3.33. Initiatives to address some of the issues raised in the feedback are covered under the IA Quality and Performance and Consultancy/ Advisory elements of the 2020/21 Work Programme</p>
1.2	<p>Perspective on IA effectiveness, professionalism and competence</p> <p><i>Links to IIA standards 1200 and 1300</i></p>	<p>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).</p> <p>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.</p>	<p>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.</p>	<p>Professional development updates provided to Committee under the CIA progress report, section 3 "IA Work Programme - Quality and Performance".</p> <p><i>"New Auditor's Guide to Internal Auditing"</i> 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.</p> <p>CIA elected to LGIAN Executive – March 2020</p> <p>The Chief Internal Auditor contributed to and is cited in Bruce Turner's latest book <i>Team Leader's Guide To Internal Audit Leadership</i> scheduled for publication in June 2020.</p>

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: <ul style="list-style-type: none"> <li>• Value added</li> <li>• Usefulness of recommendations</li> </ul> <i>Links to IIA standard 2000</i>	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).	There have been 7 feedback surveys received to date. Average ratings across the different rating categories are as follows:  Scope of work: 4.5 Communication and Collaboration: 4.64 Timeliness: 4.52 Knowledge and Professionalism: 4.82 Quality and Value: 4.5  <b>Target being exceeded</b>
2.2	Executive expectations of IA vis a vis experience of actual delivery.  <i>Links to IIA standard 2000 and 2100</i>	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. <b>SURVEY NOW OVERDUE</b>  Member of Governance Forum.  To resurrect quarterly one on one meetings with ELT members from FY 2020/21 – <b>OVERDUE</b>
2.3	Feedback (formal and informal) from staff in relation to advice and information provided by IA and improved understanding of the role.  <i>Links to IIA standard 2000 and 2100</i>	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.	Assisted Water and Sewer team who are setting up a management review function within the Unit. Positive feedback received.



## 3. Internal Audit Processes

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.1	<p>Completion of approved audit programme.</p> <p><i>Links to IIA standard 2200, 2300, 2400, 2500</i></p>	<p>Number of audits completed and reported to the Audit, Risk and Improvement Committee as per the ratified plan.</p>	90%.	<p>All audits in 2019/20 have been completed with 3 reports awaiting management responses.</p> <p>2020/21 audit schedule is on track.</p> <p>One additional review has been added to the programme – NHV Accreditation.</p> <p>ARIC decision on the IMT audit for 2020/21 pending.</p> <p><b>Target met.</b></p>
3.2	<p>Proportion of audits completed (to draft report stage) within planned number of days budget.</p> <p><i>Links to IIA standards 2200, 2300, 2400, 2500</i></p>	<p>Number of audits completed in line with planned budget as per the ratified audit plan.</p>	90%	<p>All 2019/20 reviews, with the exception of Councillor Allowances, Facilities and Expenses have been delivered in or under the day budget assigned.</p> <p><b>86%</b> - target missed due to 1 review being over.</p>
3.3	<p>Duration of audits.</p> <p><i>Links to IIA standards 2200, 2300, 2400, 2500</i></p>	<p>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).</p>	80%	<p>This target was not met for any of the reviews in the 2019/20 programme. Remediation measures will be implemented as appropriate, to bring this back on track.</p> <p><b>Target not being met.</b></p>

No	Measure	Mechanisms	Target Outcome	Progress To Date
3.4	Finalisation of draft audit reports.  <i>Links to IIA standards 2200, 2300, 2400, 2500</i>	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%	This target was not met for any of the reviews in the 2019/20 programme. Remediation measures will be implemented as appropriate, to bring this back on track.  <b>Target not being met.</b>
3.5	Compliance with IIA's International Professional Practices Framework (IPPF)  <i>Links to IIA standards 2400 and 2600</i>	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: <ul style="list-style-type: none"> <li>• Potential for use of CAATs</li> <li>• Audit Tracker needs to be accessible by all</li> </ul> Audit Tracker still presenting problems. New solutions being identified  CAATs not a current priority. To be reviewed during 2020/21 in line with the IA innovation plan.  <b>Target met.</b>

#### 4. Innovation, Professional Development and Capability

No	Measure	Mechanisms	Target Outcome	Progress To Date
4.1	<p>Training hours per member of IA</p> <p><i>Links to IIA standards 1200, 1300 and 2000</i></p>	<p>Log of training/professional development.</p>	<p>80 hours CPE every 2 years as per IIA requirements with a minimum of 20 hours in any one year.</p> <p>Training undertaken through &gt;2 types of learning mechanisms.</p>	<p>Volume of work, reduced budgets and the COVID-19 impact on development opportunities have contributed to this target not being met. Consideration will be given as to how this situation can be improved and managed in a sustainable way.</p> <p><b>Target not being met.</b></p>
4.2	<p>Range of knowledge skills, technical expertise and competency within IA</p> <p><i>Links to IIA standards 1200, 1300 and 2000</i></p>	<p>Skills assessment against the IIA competency model.</p> <p>Log of training/professional development.</p> <p>Learning needs analysis.</p> <p>Professional Development Plan (PDP) for each member of IA.</p>	<p>Increasing trend in coverage of skills, knowledge and expertise within IA when assessed against the IIA competency model.</p> <p>Areas of training attended align with PDP.</p>	<p>See above.</p> <p><b>Target not being met.</b></p>
4.3	<p>Consideration and development of innovative methods to deliver elements of the IA framework and through IA recommendations/advice.</p> <p><i>Links to IIA standards 1200, 1300 and 2000</i></p>	<p>IA recommendations</p> <p>IA advice</p> <p>Implementation of initiatives as part of the IA work programme</p>	<p>Demonstration of considerations and innovative solutions provided through recommendations and issues raised in audit reports.</p> <p>CIA report to Audit, Risk and Improvement Committee outlining initiatives under development or consideration.</p>	<p>Innovation in delivery of IA services is a feature in the project plan with Centium and forms part of the co-sourced partnership arrangement.</p> <p><i>"Develop &amp; implement an IA innovation plan to deliver IA services differently and more effectively"</i> forms part of the Quality and Performance element of the IA Work Programme for 2020/2021.</p>

Service Standards (not formally measured)

### 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.



**Item No:** 2.4  
**Title:** Internal Audit Year In Review 2019/2020  
**Department:** Chief Executive Officer's Unit

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14222298  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

### **Summary**

To provide the Audit, Risk and Improvement Committee with a summary of the work of Internal Audit for 2019/20 in respect of the deliverables in the approved work programme for that period.

### **Recommendations**

- 1** *That the Audit, Risk and Improvement Committee receive the Internal Audit 'Year In Review' report providing a summary of deliverables against the 2019/20 IA work programme.*
- 2** *That the supporting papers to this Report be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.*

### **Context**

The annual *Year In Review* report takes a look back at the deliverables and some of the key achievements of the IA function over the period 1 July 2019 to 30 June 2020, aligned to the IA framework, covering:

- IA assurance services (delivery of business assurance reviews) - hindsight
- consulting and advisory activities – insight and foresight
- IA quality and performance
- Organisational risk analysis and IA work programming

The full report is attached at Appendix 1.

### **Key Headlines**

All seven business assurance reviews as per the ratified work programme were delivered. At the time of writing, three reports are awaiting management responses before being finalised. In addition, a further five reports were finalised relating to the audit schedule from previous periods.

An additional review/investigation was conducted in collaboration with the Internal Ombudsman's office on *Fire Safety in Community Buildings* with a report and recommendations provided to the CEO.

## **2.4 Internal Audit Year In Review 2019/2020 (contd)**

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Successful tendering and implementation of a co-sourced partnership with Centium, which is operating extremely well.

Significant consulting and advisory activities including a number of stakeholder engagement meetings and insights papers such as a *Good Practice Guide to Works In Kind Negotiations* and *Safely Navigating the Future* – a paper for the CEO on emerging risks arising from COVID-19 with some suggested solutions.

Foundations for the development of IA services going forward, including greater referencing to the organisational risk registers, and some preliminary work on a more efficient audit needs assessment process aligned with an IA services catalogue designed to provide a range of different types of assurance and consultancy work going forward.

### **Conclusions**

The manual nature of our systems and processes and lack of IA administrative support still make it difficult to operate efficiently but despite this, there has been a considerable output of work during 2019/20 delivering over and above the ratified IA work programme for the year. In part this has been due to the onboarding of Centium, helping to deliver the audit schedule and keep momentum going with, at one point, four audits underway at the same time. This is a significant achievement given Centium were only engaged in late October 2019, and is testament to how well the co-sourced partnership is working. Through the Client Manager, the responsiveness and quality of work of Centium to deliver the audit schedule, has been exceptional.

### **Attachments**

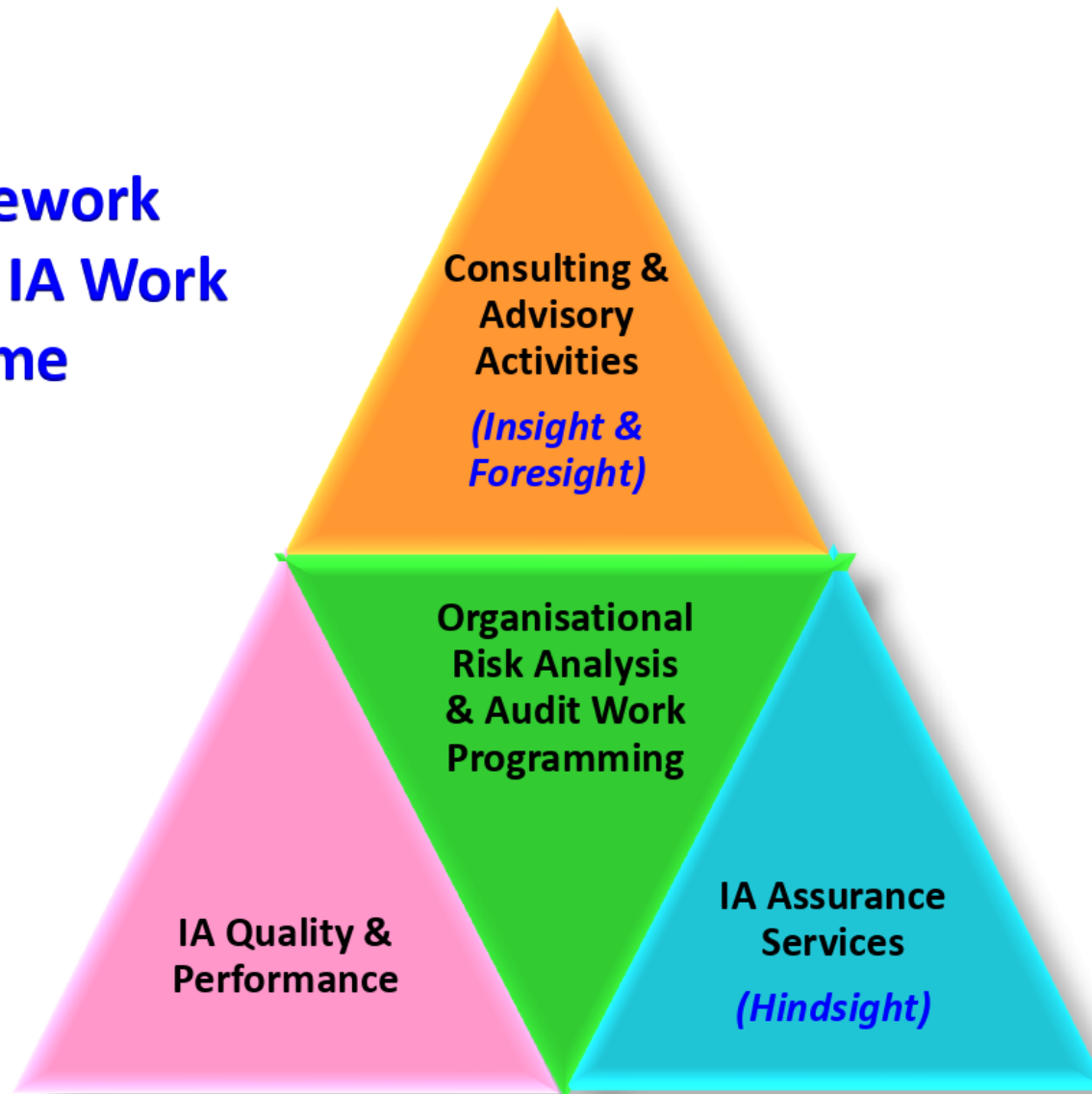
- 1 Appendix 1 IA Year In Review Report D14222302



*Tina Baker  
Chief Internal Auditor*

# Internal Audit: Year In Review 1 July 2019 – 30 June 2020

# The IA Framework Governing The IA Work Programme



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## IA's Work Programme: Assurance Services - HINDSIGHT

2019/20 IA Work Programme	Type of Review	What Was Delivered	Additional Info
<b>Councillor Facilities, Allowances &amp; Expenses</b>	Mandatory & Operational	<b>Report 01/19-20: Councillor Facilities, Allowances &amp; Expenses</b>	
<b>Contract Management</b>	Strategic	<b>Report 02/19-20: Contract Management</b>	
<b>Complaints Management</b>	Strategic	<b>Report 03/19-20: Complaints Management</b>	Report awaiting management responses
<b>ELT/SLT Facilities, Allowances &amp; Expenses</b>	Operational	<b>Report 04/19-20: ELT/SLT Facilities, Allowances &amp; Expenses</b>	
<b>Cybersecurity &amp; Fraud Prevention</b> With the approval of ARIC and the CEO, this review was replaced with an audit of <b>IT Governance</b>	IT	<b>Report 05/19-20: IT Governance</b>	
<b>Purchase Cards, Store Cards, Store Accounts, Gift Cards and Other Credit Style Accounts</b>	Operational	<b>Report 06/19-20: Purchase Cards, Trade Cards &amp; Other Types of Credit</b>	Report awaiting management responses
<b>Contractors, Temporary and Contingent Labour Hire</b>	Strategic	<b>Report 07/19-20: Contractors, Temporary and Contingent Labour Hire</b>	Report awaiting management responses

## Assurance Services - HINDSIGHT Other Final Reports Issued During 2019/20

Report No	Report Title	Notes
03/17-18	Procurement of IT Goods	Part of 2017/18 audit programme but draft report only finalised in 2019/20.
06/17-18	Cash Management in Waste Services	Part of 2017/18 audit programme but draft report only finalised in 2019/20.
07/17-18	Seniors Centres	Part of 2017/18 audit programme but draft report only finalised in 2019/20.
08/17-18	Cash Management in Libraries	Part of 2017/18 audit programme but draft report only finalised in 2019/20.
02/18-19	NHV Accreditation 2017-2018	Part of 2018/19 audit programme but draft report only finalised in 2019/20.



## IA's Work Programme: Consulting & Advisory Activities – INSIGHT & FORESIGHT

2019/20 IA Work Programme	What Was Delivered
Re-present IA resourcing and branding models	<ul style="list-style-type: none"> <li>Reviewed report content, format and style with Centium partner and developed report template and all reports going forward.</li> <li>Comprehensive <b>IA Resourcing Report</b> presented to CEO and ARIC (June meeting) setting out different resourcing options for a maximised IA function, different deliverables and levels of service under each option and associated costs (June 2020)</li> </ul>
Develop and present IA/ERM/BI collaboration concept	<ul style="list-style-type: none"> <li><b>Fixing The Basics</b> paper presented to CEO and ARIC presenting thirteen solutions to help shift the focus of outstanding management actions from reducing the number to fixing the broken controls (June 2020)</li> <li><b>Fixing The Basics</b> also provided to Performance &amp; Innovation Manager &amp; Governance &amp; Business Services (Risk) Manager</li> <li>Enterprise Risk Manager and Performance &amp; Innovation Manager both added to IA final report distribution list</li> <li>New IA report format now includes list of current associated risks in risk registers with suggestions for additional risks arising from the outcome of IA reviews</li> </ul>
Update and roll out the IA stakeholder engagement plan	Not completed. Carried forward into 2020/21 work programme.

# Consultancy & Advisory Activities – INSIGHT & FORESIGHT

## Key Additional Deliverables During 2019/20

Co-ordinated and compiled ELT response to OLG discussion paper *A New Risk Management and Internal Audit Framework For Local Councils in NSW*



*Fire Safety in Community Buildings* report to CEO (joint review & report with Asst IO) following a reported incident and staff concerns



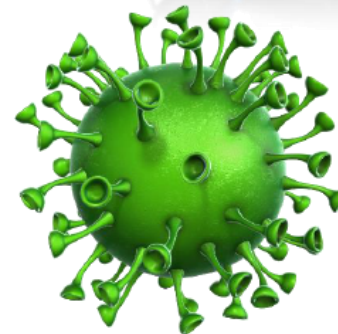
Attendance and input to Governance Forum (established instead of an ethical and integrity unit)



Discussions to mitigate access log shortcomings in Content Manager



*IA Good Practice Guide to Works In Kind Negotiations* provided to staff seeking advice in light of NSW Audit Office report



COVID response advice:

- *Redeployment Solutions* paper to assist P&C
- *Safely Navigating the Future* presentation paper for CEO covering emerging risks & possible solutions

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## IA's Work Programme: IA Quality & Performance

2019/20 IA Work Programme	What Was Delivered
Assessment and gap analysis against OLG proposals for IA framework in their discussion document <i><b>A New Risk Management and Internal Audit Framework For Local Councils in NSW</b></i>	Completed and results presented to ARIC at their meeting in June 2020. Action plan to address gaps drawn up and forms part of 2020/21 (and later years) work programme.
Re-establish a peer group reciprocal IA QA arrangement with at least two other Councils	Not completed. To carry forward into 2020/21 work programme.
Conduct ARIC and Executive feedback surveys in line with Balanced Scorecard measures	ARIC survey conducted December 2019 and presented to ARIC at their meeting in June 2020. Executive survey not yet conducted – to carry forward into 2020/21 work programme.



## IA's Work Programme: IA Quality & Performance Key Additional Deliverables During 2019/20



Chief Internal Auditor contributed to, and acknowledged as an expert contributor in Bruce Turner's books: *"New Auditor's Guide To Internal Auditing"* (published 2019) and *"The Team Leader's Guide to Internal Audit Leadership"* (published 2020).

Compiled tender documentation and undertook tender process for co-sourced partnership, resulting in the appointment of Centium in October 2019



Established and scheduled strategic planning workshops with Centium to take forward QA aspect of the partnership and improve delivery of IA services

Elected to Local Govt IA Network Executive and organised and hosted the first online conference (held July 2020).



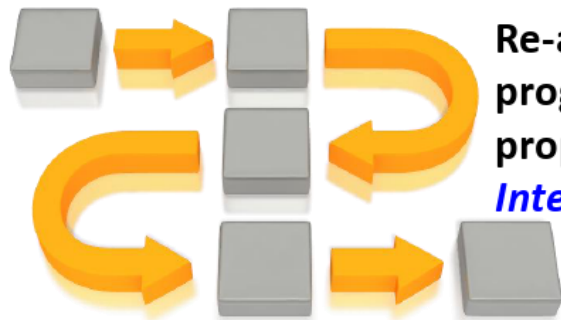
Started to develop IA Services catalogue to underpin IA work programme going forward and facilitate the delivery of IA services with an emphasis on , agile responsiveness, innovation and added value

## IA's Work Programme: Organisational Risk Analysis and IA Work Programming

2019/20 IA Work Programme	What Was Delivered
Compile latest Comparative Data and Risk Outlook Report based on OLG data (2019/20)	IA <i>Emerging Themes, Operational Risks and Opportunities Report</i> provided to ARIC meeting of October 2019. OLG comparative data compiled and used to inform the audit needs assessment/organisational risk analysis for development of the 2020/21 work programme
Refine ANA worksheets and populate with relevant data as it becomes available (2019/20)	Some initial work conducted on this but a more streamlined approach is being developed for 2020/21, including drawing on data from the IT <i>Insights</i> team.
Review and refine ANA process in light of outcome of fact-finding visits to high performing organisations (ongoing)	No visits undertaken. To carry forward into 2020/21 work programme.



## IA's Work Programme: Organisational Risk Analysis and IA Work Programming Key Additional Deliverables During 2019/20



Re-aligned audit needs assessment (ANA) and strategic work programme with a four year cycle in accordance with proposals in OLG paper *A New Risk Management and Internal Audit Framework For Local Councils in NSW*

Re-configured 2019/20 schedule of audits in collaboration with Centium (re-presented to ARIC December 2019) to include more front line service reviews



Reviewed risk registers for business assurance audits in the work programme and developed process for inclusion of risks on register in audit reports (for the 2020/21 period and going forward) with suggestions for additional risks, in light of the audit results – to bring greater synergies between audit, risk and improvement

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## Summary of 2019/20 Key IA Achievements

All 7 business assurance reviews in the audit schedule delivered PLUS a further 5 reports finalised from previous periods AND an additional review, in collaboration with the IO, of ***Fire Safety in Community Buildings***

Significant consulting and advisory activities including specific stakeholder engagement meetings and insights papers including ***Good Practice Guide to Works In Kind Negotiations*** and ***Safely Navigating the Future*** presentation paper for CEO covering emerging risks & possible solutions

Successful tendering and implementation of co-sourced partnership model with Centium

Foundations developed for IA services going forward based on hindsight, insight and foresight and highlighting global innovative practices in the delivery of various Council services



**Item No:** 2.5  
**Title:** IA Annual Assurance Statement 2019/2020  
**Department:** Chief Executive Officer's Unit

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14217068  
Author: Tina Baker, Chief Internal Auditor  
Executive: Gary Murphy, Chief Executive Officer

### **Summary**

This report provides the Audit, Risk and Improvement Committee (ARIC) with an annual assurance statement for 2019/20 from the Chief Internal Auditor in line with the Institute of Internal Auditors professional practices and Office of Local Government *Internal Audit Guidelines*.

### **Recommendation**

- 1 The Audit, Risk and Improvement Committee receive the IA Annual Assurance Statement for 2019/20 and accompanying information from the Chief Internal Auditor.**
- 2 That the supporting papers to this Report be made publicly available, pursuant to Clauses 78 and 79 of the Audit, Risk and Improvement Committee Charter.**

### **Context**

The Institute of Internal Auditors' *International Professional Practices Framework* contains a set of professional standards to help protect the integrity and validity of assurance provided by Internal Audit through the IA programme of reviews.

The annual assurance statement is attached at Appendix 1 and covers the following key areas:

- Conflicts of interest
- Error and omissions
- Impairments to objectivity, independence and programme delivery
- IA accountability
- ARIC responsibilities for IA, as per the ARIC Charter

The annual assurance statement is intended to give some comfort to the CEO and Council, through the Audit, Risk and Improvement Committee that Internal Audit (IA) is operating



independently, competently and with integrity. When reviewed as part of the full suite of reports provided by IA to the Committee, the statement helps the Committee to determine whether IA is able to deliver the IA annual work programme '*without fear or favour*' and in line with the professional standards as established by the Institute of Internal Auditors and the Office of Local Government's Internal Audit Guidelines.

In October 2020 Council entered into a co-sourced partnership with Centium for the delivery of business assurance services ie the annual schedule of audits which forms part of the IA framework and annual programme of work. Centium staff conducting reviews of Council are bound by the same assurance requirements and, to that end, formally sign a post audit declaration form at the completion of each review.

The independent and objective nature of the work performed by IA, does not obviate the need for accountability and so this IA Annual Assurance Statement also shows the various ways in which the role and work of IA is open to scrutiny, challenge and performance assessment.

The Annual Assurance Statement therefore provides the CEO and Council, through the Audit, Risk and Improvement Committee with information relating to the integrity of the IA function, whether any significant elements of IA's work have been compromised and with a summary of how conflicts are managed.

### Summary Of Results For 2019/20

No potential or actual conflicts of interest were identified or reported.

One minor error was identified and reported. The Contract Management report was issued and distributed as a final version with the risk of the finding re-stated in the management actions table rather than the recommendation. The report was withdrawn and management provided with the corrected version to re-consider their management response. The final, correct version of the report was issued in May 2020.

All audits were conducted to conform with the International Standards for the Professional Practice of Internal Auditing.

Although Centium were only appointed in late October 2019, good progress with the 2019/20 schedule of audits was made, with all of the reviews in the 2019/20 programme either completed or well underway by the close of the financial year.

There were no impairments to the delivery of the work programme, although resourcing constraints with the IA function do mean that only a small number of audits per year (around eight) are delivered. This is a very small audit schedule, taking into account the size, complexity and diversity of services of Council and the significance of the issues highlighted by IA reviews and the NSW Audit Office. Resourcing of IA was considered by the ARIC at their meeting of 17 June 2020, to which a paper was presented setting out the different levels of assurance and audit activity that could be delivered based on different scales of resourcing.

### **Opportunities Going Forward**

Clause 39 (j) of the ARIC Charter states that *"The Committee is responsible for ... giving advice to the CEO on the appointment and remuneration of the Chief Internal Auditor and the Internal Audit team (if applicable)."* There are no formal mechanisms in place for this, at present. If this element continues to be a requirement under the legislative changes being introduced by the Office of Local Government, then guidance may be available in due course. In the meantime, there is scope for ARIC to have some input into the annual appraisal of the CIA.

Clause 47 of the ARIC Charter states: *"At the first Committee meeting post 30 October each year, a performance report will be provided to the Committee dealing with...*

- a) An overall assessment of Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Council;*
- d) A summary of the Council's progress in addressing the findings and recommendations made in internal and external audit reports*
- e) The performance of Internal Audit for the financial year as measured against agreed key performance indicators*
- f) The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit"*

During 2019/20, IA did not provide any information specifically for the purpose of this annual Committee performance report, (not to be confused with the ARIC Annual Report provided to Council for which information was provided) although IA reports are provided throughout the year covering all these areas of relevance.

With due notice, the required information could be collated and summarised from the existing reports to inform the corresponding sections in the performance report, going forward. Management may wish to consider whether this performance report could form be combined with the ARIC Annual Report provided to Council, in which case it would be useful to collate all the different information requirements under clauses 47(a)–(g), 48-50, and 94-96 of the Charter into one summary document for such purposes. This would create greater efficiencies through the compilation of just one single ARIC Performance/Annual Report, aligned with all the reporting requirements under the ARIC Charter.

**Conclusions**

The annual assurance statement provides comfort to the Committee that the IA function is operating with reasonable independence and objectivity, in line with professional standards and Office of Local Government guidance.

For 2019/2020 there were no issues of concern to note.

**Attachments**

- 1 Appendix 1 Sept 20 IA Annual Assurance Statement 2019 2020 D14217062

Central Coast Council

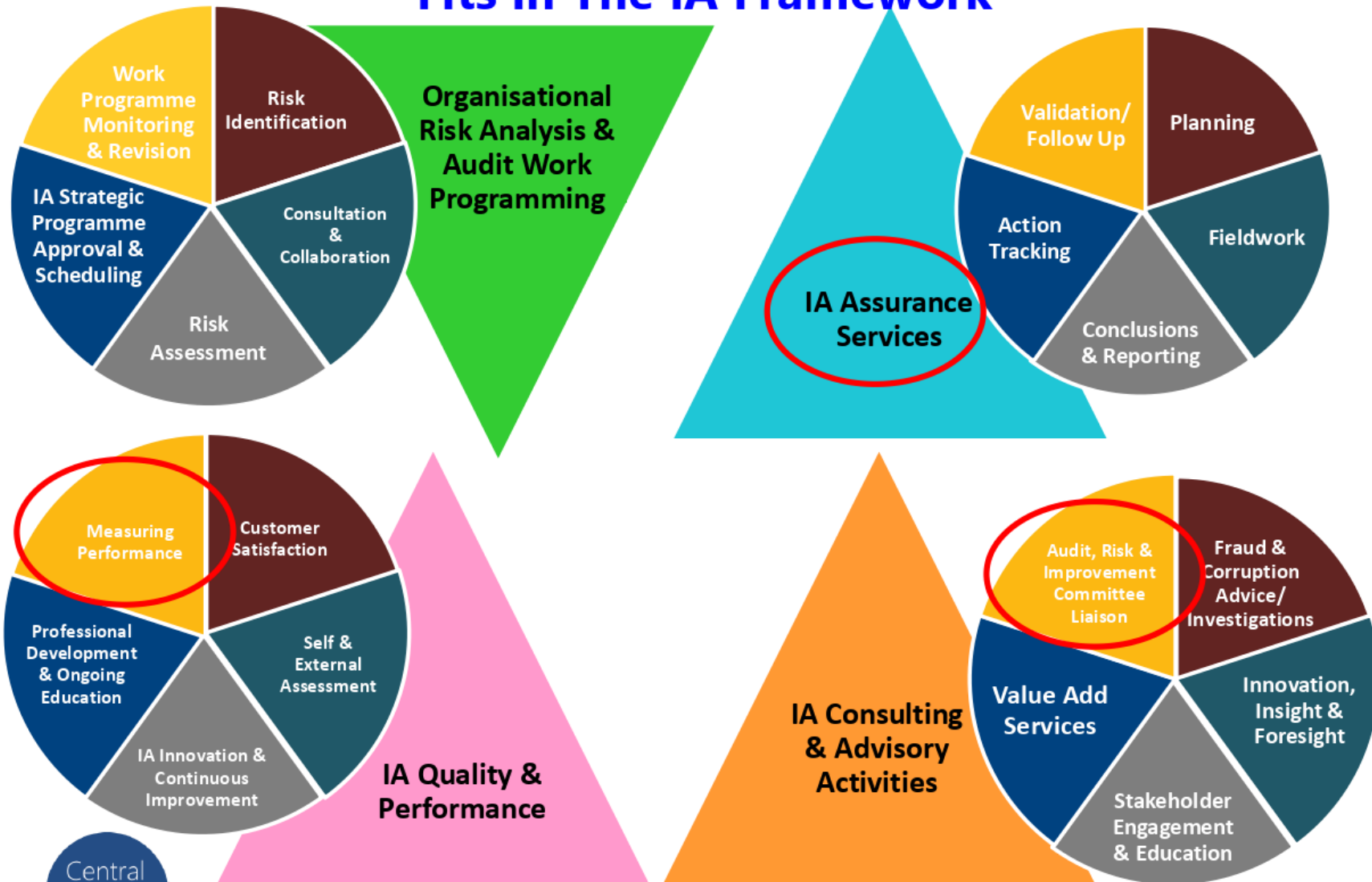
Tina Baker, Chief Internal Auditor  
September 2020

IA Annual Assurance Statement: 2019/20



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# Where The Annual Assurance Statement Fits In The IA Framework



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## Purpose of the Annual Assurance Statement



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To provide an annual summary of assurance to the CEO and Council, through the Audit, Risk and Improvement Committee based on the past 12 months of IA activity, in line with Institute of Internal Auditors *International Professional Practices Framework*

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To give the Audit, Risk and Improvement Committee an indication as to whether IA reviews are being performed independently and objectively to determine the level of reliance that can be placed upon the assurance provided through IA reports and whether there have been any impairments to delivery of the IA work programme

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To provide information to help the Audit, Risk and Improvement Committee review the performance of Internal Audit and ensure appropriate organisational structure, authority, access and reporting arrangements are in place, as per the IA and the Committee's Charters

## Conflicts of Interest Arising During Audits

IIA Attribute Standard 1120: Individual Objectivity	How Conflicts Are Managed	2019-20 Results
<p>“Internal Auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.”</p>	<p>IA Post Audit Declaration form completed for each review</p> <p>Where conflicts exist, the circumstances and reasons are fully detailed in a separate report and lodged in the electronic audit file in Content Manager</p> <p>CEO, Director, relevant Managers and ARIC informed of the nature of the conflict</p> <p>Action taken to address the issue is highlighted and noted for file</p>	<p>There were <u>no</u> conflicts of interest identified or reported for the Chief Internal Auditor and Centium staff conducting the 2019-20 IA work programme.</p>

<h2 style="text-align: center; background-color: black; color: white; padding: 10px;">Errors and Omissions</h2>		
IIA Performance Standard 2421: Errors and Omissions	How They Are Managed	2019-20 Results
<p>“If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.”</p>	<p>IA Post Audit Declaration form completed for each review</p> <p>Where errors/omissions occur, the reasons and circumstances are detailed in a separate note/report and lodged in the electronic audit file</p> <p>CEO, Director, relevant Managers and ARIC informed of the nature of the errors/omissions</p> <p>Action taken to address the issue is highlighted and noted for file</p>	<p>During 2019/20, there was <u>one</u> minor error in the IA report on Contract Management whereby the management actions table did not contain the correct recommendation. The report was withdrawn, the error corrected and management given time to consider their response to the correct recommendation. ARIC was informed of the error.</p>

Impairments to IA Objectivity, Independence or Program Delivery		
IIA Attribute Standard 1130: Impairment to Independence or Objectivity	How It Is Managed	2019-20 Results
<p>“If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.”</p>	<p>IA Post Audit Declaration completed for each review</p> <p>Where impairment to independence or objectivity does occur, reasons/ circumstances are detailed in a separate report and lodged in the electronic audit file</p> <p>CEO, Director, relevant managers and ARIC informed of the nature of the impairment</p> <p>Action taken to address the issue is highlighted and noted for file</p>	<ul style="list-style-type: none"> <li>• Of the reviews undertaken, information was freely provided and staff co-operative, though pressures of work sometimes meant this could be quite a slow process</li> <li>• COVID remote working arrangements generally worked well as almost all required information was kept in the electronic document management systems. When only hard copy information was available, this indicated control failings and was reported accordingly.</li> <li>• Proposed review of Cyber-Security in the 2019/20 schedule of audits replaced with IT Governance review</li> </ul>



**INTERNAL AUDIT REVIEW:**  
**[title]**

**The IIA's International Professional Practices Framework (IPPF) requires the following:**

**Attribute Standard 1100: Independence and Objectivity**

The internal audit activity must be independent and internal audits must be objective in performing their work.

**Attribute Standards 1110.A1**

The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

**Attribute Standard 1120: Individual Objectivity**

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

**Attribute Standard 1130: Impairment to Independence or Objectivity**

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

**Performance Standard 2421: Errors and Omissions**

If a final communication contains a significant error or omission, the chief audit executive must communicate the corrected information to all parties who received the original communication.

**The IIA's Code of Ethics requires internal auditors to apply and uphold the principles and rules of conduct relating to: integrity, objectivity, confidentiality and competency**

\*\*\*\*\*

**To ensure these Standards and the requirements of the Code of Ethics are being adequately met, each internal auditor is required to make a declaration at the conclusion of each review.**

I, [name] declare that this review was conducted in accordance with the IIA International Professional Practices Framework. ~~In particular, the~~ following were observed:

- The IA activity for this review was/was not free from interference in determining the scope of the review, performing the work and/or communicating the results.
- I did/did not have any conflicts of interest on this review.
- To the best of my knowledge, there are/there are no significant errors or omissions in the final report.
- During this review, I upheld/was not able to uphold the IIA Code of Ethics requirements relating to: integrity, objectivity, confidentiality, competency

Where I have indicated an unfavourable response, the reasons and circumstances are fully detailed in a separate report, lodged in the relevant Content Manager audit file and the matter brought to the attention of relevant parties, including the Audit Risk and Improvement Committee.

Date:

Signature:

# Post-Audit Declaration Form

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*This form is completed  
after each audit*

# IA Accountability



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# IA Accountability: IIA International Professional Practices Framework



# IA Accountability: Compliance With Professional Standards

The IIA Standards state:

- *“the chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity” (1300)*
- *“the quality assurance and improvement program must include both internal and external assessments” (1310)*
- *“external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.” (1312)*
- *“the chief audit executive may state that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support this statement.” (1321)*

**Last external review of IA was reported in April 2018. IA considered to be operating at highest level of maturity (“optimising”) with the exception of 2 issues: need to utilise computer audit tools and need to optimise Audit Tracker functionality.**





**IA Quality and Performance form part of IA framework and comprises five elements of required activity, including professional development**

**IA Accountability:  
Measuring  
Performance**



**Balanced Scorecard: 13 individual measures falling under four separate categories**



**Customer Feedback Survey: 22 questions, across five different focus areas, following each completed review**

# IA Accountability: Reporting to ARIC



## Quarterly/Each Meeting

- CIA's Progress Report
- IA Balanced Scorecard Report
- Implementation of Management Actions Report



## Annual

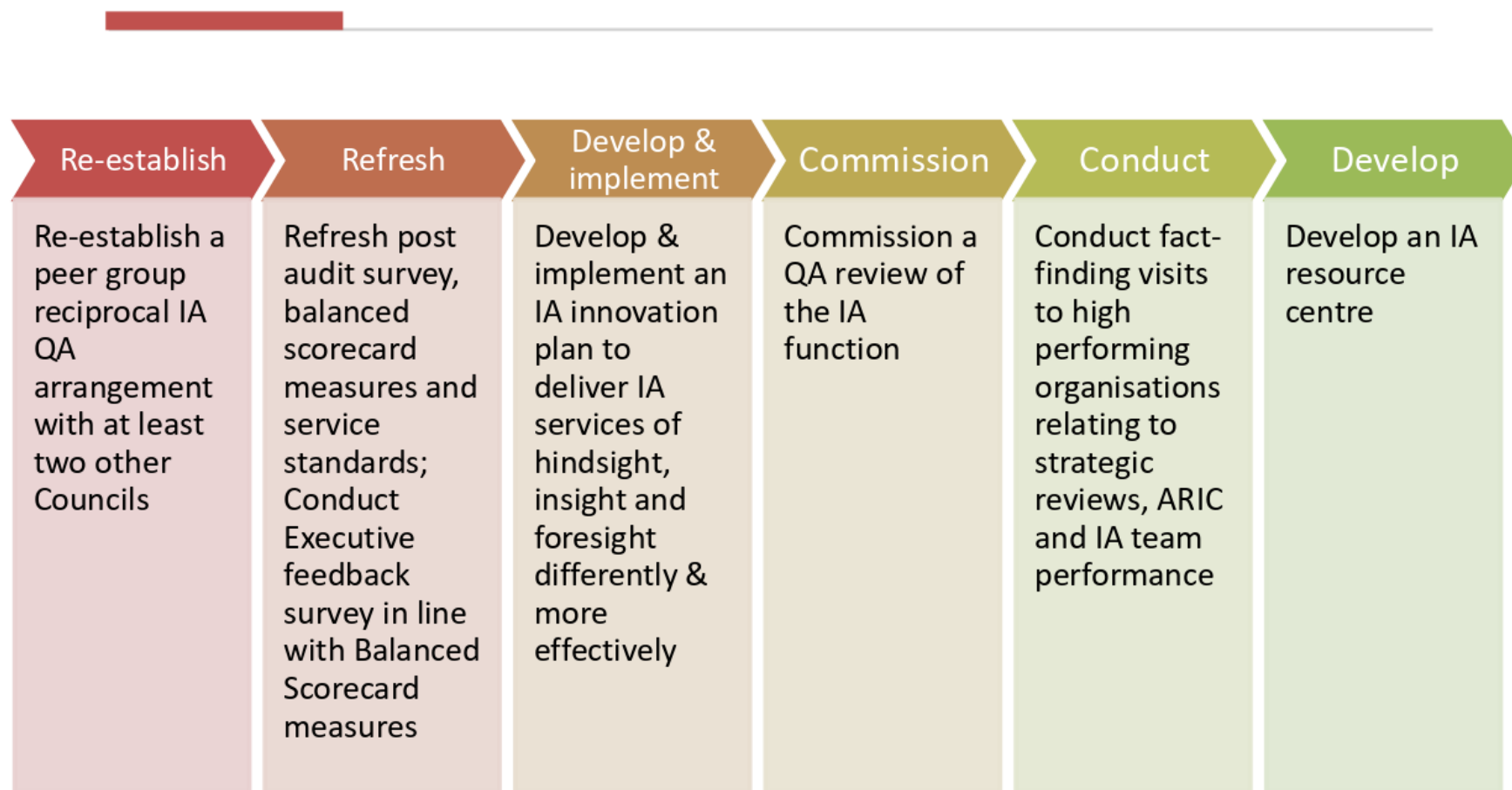
- IA 4 Year Strategic Plan and Annual Work Programme
- IA Year In Review
- Emerging Themes From IA Reviews
- Annual Assurance Statement
- Comparative Data and Risk Outlook Reports



## Ad Hoc

- IA Professional Development Plan
- IA Stakeholder Engagement Strategy & Plan
- Results of Executive and ARIC surveys
- Results of external QA review & self assessment of IA function
- Charter updates
- Summary or discussion papers as appropriate

## Related Deliverables Under IA Strategic Plan 2020-2024: Quality & Performance



## ARIC Charter Responsibilities For Internal Audit

ARIC Charter Requirement	2019/20 IA Results
<p>“The objective of the Committee is to provide independent assurance and assistance to Council on risk management, control, governance, internal audits, organisational performance and external accountability responsibilities” (cl1)</p>	<p>The IA schedule of reports to ARIC for 2019/20 covered progress against work programme, implementation of management actions, progress against balanced scorecard measures, comparative data and risk outlook, annual assurance statement, emerging themes and the IA year in review. This provides ARIC with a detailed overview of the work of IA and the results of IA business assurance reviews.</p>
<p>“The Committee is also to provide information to the Council for the purpose of improving the Council’s performance of its functions. (cl3 and repeated at cl32)</p>	<p>To facilitate this ARIC responsibility, ARIC are provided with full and final audit reports of results from IA reviews in accordance with the work programme, identifying system/control weaknesses (which are inhibiting organisational economy, efficiency and effectiveness) and making recommendations for improvement.</p>

ARIC Charter Requirement	2019/20 IA Results
CI39 - "The Committee is responsible for:	
a) Acting as a forum for communication between the Council, Chief Executive Officer, Senior Management, Internal Audit, External Audit and Internal Ombudsman.	The Chief Internal Auditor (CIA) attended all ARIC meetings of 2019/20. Centium Account Manager is also in attendance. Additionally, the CIA is part of the Governance Forum and has regular one on one meetings with the CEO. The CIA attends ELT meetings on occasion.
b) Reviewing the internal audit coverage and Internal Audit Plan, ensuring the plan has considered the Risk Management Plan, and approving the plan;	The 4 year strategic IA work plan and one year detailed operational work programme, covering all aspects of the IA framework, is presented to ARIC each June. Progress against the programme is reported to each quarterly meeting. The work programme is based on an organisational risk analysis taking into account relevant data and community concerns. The annual schedule of audit reviews is balanced to comprise: strategic reviews, operational reviews, IT reviews, validation reviews and mandatory reviews. Part of the audit process is to review the risk registers for any relevant risks relating to the system under review.
c) Considering the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan;	A comprehensive IA Resourcing Report was presented to the ARIC by the CIA to the meeting on 17 June 2020. The paper provided a detailed breakdown of resourcing options, associated costs, and specific deliverables under each component of the IA Framework in accordance with the different resourcing options. The Committee supported the funding of the FTE vacancy whilst acknowledging that it is a CEO decision.

ARIC Charter Requirement	2019/20 IA Results
CI39 - "The Committee is responsible for:	
d) Reviewing all audit reports and considering significant issues identified in audit reports and actions taken on issues raised, including identification and dissemination of better practices;	ARIC members are provided with final reports of all IA reviews which highlight control failings/ weaknesses and practices that are uneconomic, inefficient or ineffective. The reports carry recommendations for improvement.
e) Monitoring the implementation of internal audit recommendations by management;	ARIC are provided with a quarterly update report on the management actions taken to address the shortcoming identified in IA reports and where actions are overdue.
f) Periodically reviewing the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;	An update paper on the IA Charter was presented by the CIA to ARIC at their meeting on 17 March 2020.
g) Periodically reviewing the performance of Internal Audit;	Reporting against IA's 13 balanced scorecard measures contribute towards this responsibility and verbal feedback is given to the CIA at each quarterly meeting.
h) Meeting at least annually, with the Chief Internal Auditor "in camera" without the presence of management; (see also cl66)	One 'in camera' meeting was held between the CIA and ARIC during 2019/20.
<i>i) Meeting with the IO - not related to IA activity</i>	
j) Giving advice to the Chief Executive Officer on the appointment and remuneration of the Chief Internal Auditor and the Internal Audit team (if applicable). "	<b>There are no formal mechanisms in place for this presently. Under the proposed OLG legislation, guidance may be issued on this matter, taking into account that the CIA role currently comes under the NSW Award.</b>

a) An overall assessment of Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Council	<b>IA did not provide any information specifically for the purpose of a Committee performance report in 2019/20</b> although the (annual) IA Emerging Themes and Risk Outlook reports were supplied to the 1 October 2019 meeting.
<i>b) A summary of the work of the Committee performed to fully discharge its responsibilities during the preceding year - Not related to IA activity</i>	
<i>c) Details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended - Not related to IA activity</i>	
d) A summary of the Council's progress in addressing the findings and recommendations made in internal and external audit reports	<b>IA did not provide any information specifically for the purpose of a Committee performance report in 2019/20</b> although the management actions report detailing closed actions and overdue management actions arising from IA reviews were reported by the CIA to each quarterly meeting.
e) The performance of Internal Audit for the financial year as measured against agreed key performance indicators	<b>IA did not provide any information specifically for the purpose of a Committee performance report in 2019/20</b> although the quarterly IA balanced scorecard report highlighted IA's progress with agreed indicators.
f) The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit	<b>IA did not provide any information specifically for the purpose of a Committee performance report in 2019/20.</b> The (annual) IA Year in Review report was presented to ARIC on 1 October 2019 which provides a complete overview of all IA deliverables over the previous year.

ARIC Charter Requirement	2019/20 Results
<p>The Committee should report regularly to Council on the internal audit function, on the management of risk and on internal controls as and when required. The Committee may also make recommendations to Council and the Chief Executive Officer. (cl 48)</p>	<p>The ARIC Annual Report for calendar year 2019 was provided to Council at their meeting of 27 April 2020. This report is prepared and presented by the Governance and Business Services Unit and information was provided by IA as requested.</p>
<p>At a minimum the Committee will report to Council on its activities at least yearly coinciding with the financial year and the annual statement time. (cl 49) The Annual and Three-Year Audit Plans will also be submitted to Council as part of the Committee's report to Council. (cl50)</p>	<p>The ARIC Annual Report for calendar year 2019 was provided to Council at their meeting of 27 April 2020. This report is prepared and presented by the Governance and Business Services Unit and information was provided by IA as requested.</p>
<p>"The CEO will permit the Committee to meet separately with the Chief Internal Auditor and any External Auditor(s) in the absence of management on at least one occasion per year, should the Committee resolve that such meetings are appropriate and necessary." (cl 66)</p>	<p>One 'in camera' meeting held with CIA during 2019/20.</p>
<p>"The agenda for meetings of the Committee will be set by the Chair (in consultation with the CEO and the Chief Internal Auditor) at least two weeks before a meeting." (cl 71)</p>	<p>IA business papers provided in line with previously agreed schedule of reports. Consultation on agenda co-ordinated by Governance Services and the process works well. (A two week lead in time prior to the ARIC meeting is impractical given the requirement for business papers to be submitted at least two weeks before the Committee meeting.)</p>



ARIC Charter Requirement	2019/20 Results
<p>“...the Chief Executive Officer will establish performance measures for the Committee and implement measurement, feedback, reporting and review mechanisms relating to those measures. (cl 94)</p> <p>Additionally the Chair will initiate a review of the performance of the Committee at least once every two years.... (cl 95)</p> <p>The review will also consider and report to Council on this Charter and the Internal Audit Charter, and it is to be included in the Committee’s annual report to Council.” (cl 96)</p>	<p>A Self-Assessment survey was conducted amongst ARIC members and Senior Management. This exercise was co-ordinated by the Governance and Business Services Unit. The survey outcomes along with an action plan was reported to ARIC on 17 March 2020 and a summary provided to Council on 27 April 2020.</p> <p>The IA Charter was reviewed by the Committee in March 2020.</p>



# Summary

For the 2019-20 IA work programme:

- there were no reported potential or actual conflicts of interest
- There was one minor reported error which was addressed and the corrected report re-issued
- All audits were conducted to conform with the International Standards for the Professional Practice of Internal Auditing
- There are some potential opportunities going forward in respect of (i) ARIC feedback for the purposes of the CIA appraisal; and (ii) combining the ARIC performance and annual reports into one document.





**Item No:** 7.1  
**Title:** Gosford Regional Library  
**Department:** Connected Communities

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2020/00033 - D14197164  
Author: Beth Burgess, Unit Manager, Libraries Learning and Education  
Executive: Julie Vaughan, Director Connected Communities

## Summary

At the Audit, Risk and Improvement Committee Meeting of 17 June 2020, the following was resolved:

*124/2020(ARIC) That the Committee request an update be provided at the next meeting on the Regional Library Project and the Mardi to Warnervale Pipeline project.*

The purpose of this report is to provide an update on the progress of the Gosford Regional Library project.

## Recommendation

- 1 That the Committee receive the report on Gosford Regional Library Project.***
- 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 78 of the Audit, Risk and Improvement Committee Charter.***

## Background

The former Gosford City Council (fGCC) approved a special rate variation in 1997 for the purpose of collecting funds to build a Regional Library in Gosford. This was collected from rate payers for 20 years, collecting a total of \$8.1 million to go towards building a new library. The fGCC also resolved to allocated further funds to the Regional Library project from the sale proceeds of the Kibbleplex building in 2016.

In 2013 fGCC received a commitment from the Federal Governments Regional Development Australia Fund of \$7 million in a partnership contribution towards the Regional Library. This funding agreement was signed off by both parties; Federal Government and Central Coast Council in 2019, securing the funds and detailing the delivery milestones.

Over time there have been multiple iterations on design and location for the Regional Library, including the former Broadwater Hotel site on Mann Street, Old Gosford school site, Kibbleplex building on the corner of Henry Parry Drive and Donnison Street and Parkside Site

## **7.1 Gosford Regional Library (contd)**

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on Donnison Street. There was also plans for the Regional Library to be incorporated into the Gosford Cultural Precinct combined with a Regional Performing Arts and Conference Centre. This project was later abandoned by Council with the direction to pursue a standalone Library only.

On 8 October 2019, Council at its Ordinary Meeting finalised the site for the Regional Library by tabling an urgency motion which concluded that the site at 123A Donnison Street, Gosford 'Parkside' would be the preferred Regional Library & Innovation Hub site. The following was resolved part thereof;

*984/19 That Council approve the preferred site location for the Regional Library & Innovation Hub as the Parkside building (Lot 100 Deposited Plan 711850) Located at 123A Donnison Street, Gosford.*

There have been a number of subsequent Council meetings; 9 December 2019, 13 July 2020, 24 August 2020 which have all supported the project to proceed with the development of the design for the Library, preparation of full documentation for a Development Assessment (DA) application and calling for tenders for demolition of the current Parkside building.

Lead design consultants were appointed; Lahz Nimmo Architects, to develop initial designs for Gosford Regional Library in preparation for submission of DA for development consent and initial work has commenced to prepare to call for tenders for the demolition of the existing structure on 123A Donnison Street, Gosford.

The current tenants occupying the Parkside site were given 12 months' notice in December 2019 to vacate the premises. This will allow for the demolition to commence in February 2021.

### **Current Status**

The plans have been developed for the Gosford Regional Library based on a design brief that was informed by State Library of NSW recommendations for requirements and space allocation for a new library building. The design brief also used the guiding principles of creating a civic presence in the heart of Gosford with a destination space that people are drawn to with connectivity to the surrounding iconic views of Presidents Hill, Rumbalara and Kibble Park.

The design creates a sense of a public living room with a view, and includes dedicated library space, Council customer service centre, library administration, meeting rooms, flexible function spaces, maker/creator spaces and collaboration and innovation spaces for the community over four levels, incorporating the current functions of the existing Smart Work Hub.

Part of the design includes the use of the rear Easement for loading dock access and car parking, which is accessible off Henry Parry Drive. Whilst the neighbouring property owner;

## **7.1 Gosford Regional Library (contd)**

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ET Australia own the easement at the back of the site, Council has unimpeded access over the easement which is accessible off Henry Parry Drive.

At the time of writing this report, the design for Gosford Regional Library is now being finalised for submission to the Department of Planning for Development Consent in late September 2020.

### **Consultation**

In 2015, fGCC consulted with the State Library of NSW regarding performance of the current Gosford Library using the NSW Public Library Standards and Guidelines, review of potential sites, with reference to People Places: a Guide for Public Library Buildings in NSW and to produce recommendations for the Regional Library based on emerging trends and local needs.

Following a resolution from the Ordinary Council meeting held on 18 December 2017, the community were encouraged to have their say on what the Regional Library could look like and what it could deliver for the Central Coast. The community were asked to review two concepts; a standalone library vs library and commercial office space, and select their preferred option based on the opportunities and challenges identified for each concept. 70% of the respondents were supportive of concept 2, which incorporated the Regional Library and commercial office space.

As part of the consultation process the community identified the following themes as priorities for the community:

- Activation of Gosford through a "hero" development project
- Creating employment opportunities
- Creating an investment opportunity for Council to feed back into the library services
- Providing space for essential community services to operate within the Gosford CBD

Council officers have met with tenants of Parkside building on a number of occasions to provide updates on the project and to discuss timelines for the commencement of works at 123A Donnison Street Gosford. Options for future sites for the continued operations of these services was discussed. Council officers continue to liaise with these stakeholders to ensure a cohesive working relationship moving forward.

Designs have been developed in consultation with user groups and stakeholders, and preliminary meetings have been held with Council's Planners and the Department of Planning discuss the design elements and identify areas that need further work in order to comply with statutory requirements.

## 7.1 Gosford Regional Library (contd)

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### Financial Impact

The funded budget for Gosford Regional Library project and will cover Design services, Construction Costs, Application fees and Council costs / salaries and is funding from the sources listed in table 1 below:

<b>Current Funding Type</b>	<b>Amount</b>
Library – Council Special Rate Variation	\$8,100,000
Library – Federal Government Funding	\$7,000,000
Sale Proceeds – 136-146 Donnison Street, Gosford ('Kibbleplex' building)	\$12,600,000
<b>Total</b>	<b>\$27,700,000</b>

Council Special Rate Variation was collected from rate payers for 20 years with the specific purpose of contributing to the construction of a Regional Library in Gosford.

The funding agreement with the Department of Infrastructure, Transport, Cities and Regional Development for Gosford Regional Library was signed on 1 February 2020. The funding agreement details the specific activity that Council has agreed to undertake as part of the Gosford Regional Library Project in return for funding of \$7m and has specific milestones and timeframes that must be achieved.

The first milestone of the tender process for design consultants to confirm design and construction estimates has been completed. The first progress report and claim of \$700k has been submitted to the Department of Infrastructure with payment received in September.

Sale proceeds from Kibbleplex are a result of the fGCC acquiring the property in 2011 as a potential site for the new library. The Smart Work Hub was located in this building until Council sold the property in 2016. Council resolved that the sale proceeds be used for the following purposes;

- Funding towards the costs of preparing CBD car park strategy
- Relocation of Smart Work Hub (SWH)
- Funding towards the delivery of a new library.

The car parking strategy and relocation of SWH have been completed and remaining sale proceeds will be used in delivering the library project.

There is a further possible \$8m in developer contributions that may be available for the project. These were collected by fGCC for the specific purpose of building the Gosford Regional Library. This is still being investigated

The latest designs were evaluated by external quantity surveyors who have valued the construction works. Construction, demolition and fit out are within the allocated budget for the project. As the plans and Specifications are further developed, the estimate will be updated to ensure we meet our budget target.

The business plan and budget assumptions are currently being updated based on the finalised designs. This will factor in the existing budget and staff across Libraries, Council Customer Service and the Smart Work Hub and will identify new funding sources from meeting rooms, function room and savings from energy efficiencies.

### **Risk Management**

A two-tier governance model and gateway approval process has been implemented to allow for hold points at certain stages throughout the project. At a minimum these will be at DA lodgement, award tender for construction and prior to commencement of construction; demolition and excavation. These gateways will allow for Council to be consulted and endorsement sought to proceed prior to commencing each stage.

A Project Control Group comprising of key Executive within Council who hold the relevant level of authority to act and who understand and support the project goals, has been formed. They will oversee the various phases of the project, ensuring risks are addressed and providing guidance, direction and report back to Council on progress and financial status.

A Project Working Group has also been established from key representatives across Council. This ensures collaboration across all aspects of the project, identifying risks and ensuring works are completed on time and in scope.

In addition, a Probity Advisor has been appointed to observe, review and provide guidance to Council on the probity framework and/or processes as required for this project.

The Regional Library project has been in planning for many years and has a high level of community interest and expectations to deliver. The project is on track to deliver as per program (attachment 1, Program timeline) with the DA scheduled to be submitted by the end of September.

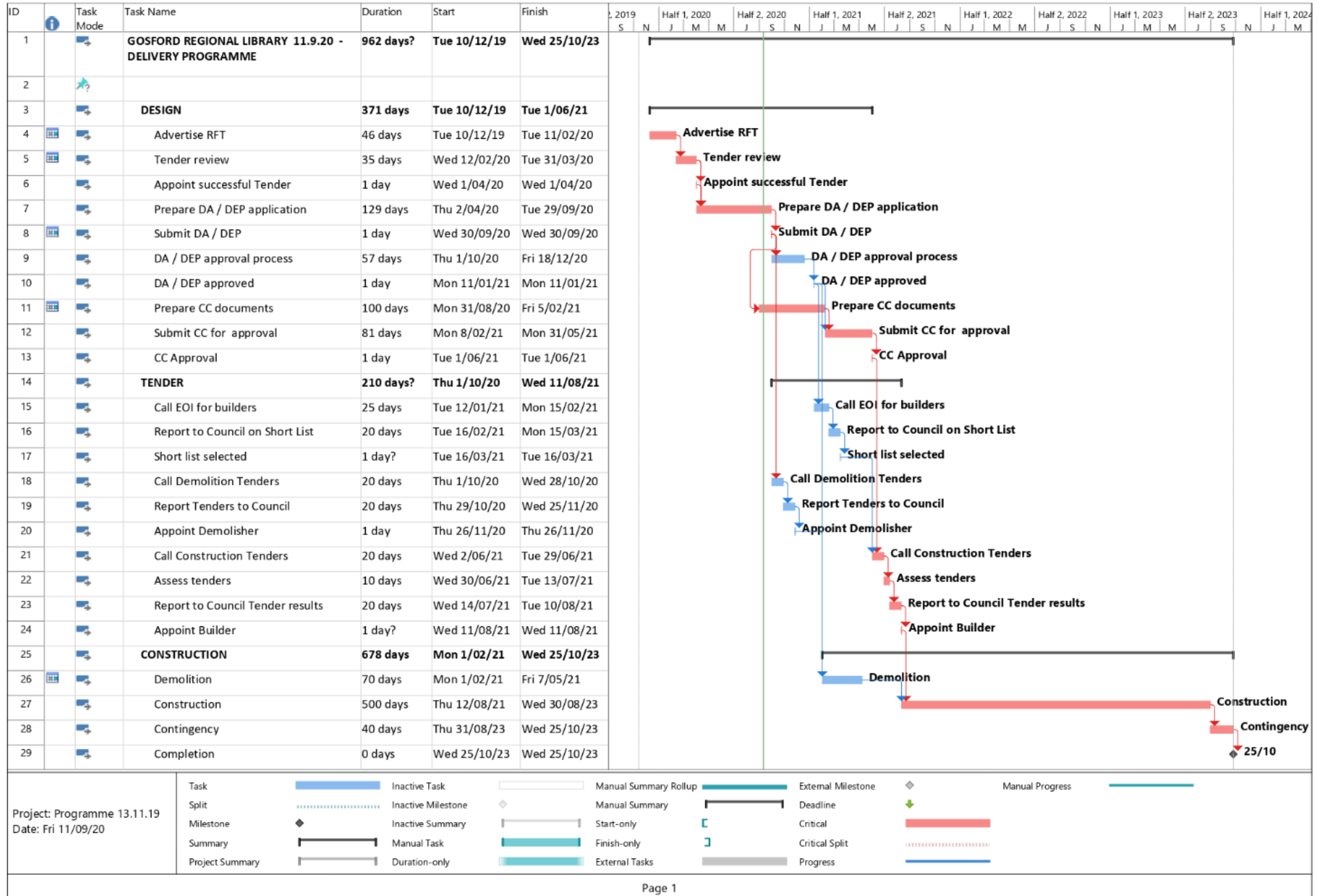
A risk management plan has been developed which details identified risks to the project and controls to mitigate these risks and are monitored weekly by the Project Manager

### **Critical Dates or Timeframes**

Federal grant funding agreement has specified milestones for project completion and payment of funding amounts. In accordance with the funding agreement and program timeline; tenders for demolition of the existing building is planned for November 2020 with demolition to commence in February 2021 and expressions of interest for Building Contractors will be called February 2021, with construction commencing August 2021. The building is planned for completion in October 2023.

### **Attachments**

- 1 Attachment - Gosford Regional Library programme D14197218







**Item No:** 7.2  
**Title:** Q4 2019/20 - Complaints and Compliments Report  
**Department:** Connected Communities

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14006754  
Author: Lisa Champion, Section Manager Customer Relationships  
Manager: Sue Ledingham, Unit Manager Community Engagement  
Executive: Julie Vaughan, Director Connected Communities

## Summary

The purpose of this report is to provide an overview of complaints and compliments during 2019/20 and the fourth quarter period, 1 April to 30 June 2020, results to the Audit Risk and Improvement Committee (Committee). The information included in this report is based on reports from Councils Customer Experience (CX) system and includes improvement actions.

## Recommendation

- 1 That the Committee receive the report on Q4 2019/20 - Complaints and Compliments Report.***
- 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 78 of the Audit, Risk and Improvement Committee Charter.***

## Background

Central Coast Council has a Customer Feedback Management Policy adopted March 2017. This policy sets out the approach that Council takes to ensuring that all customers are given the opportunity to make complaint or provide feedback about issues they may have regarding potentially inappropriate, unethical or unfair behaviours or practices committed by Council Officials. This policy incorporates the principles of the Australian / New Zealand standard: Guidelines for Complaint Management in Organisations (AS/NZS 10002:2014) and the NSW Ombudsman's Complaint Management Framework (2015).

Feedback from our community provides Council with valuable insights into areas where service standards are meeting customer's expectations or where service standards have not been met and improvements need to be made.

Complaints and Compliments are categorised at a high level as follows:

- Council Decision

- General Feedback
  - Level of Service
  - Quality of Work
  - Response Time
  - Value of Fees and Charges
  - Staff Performance

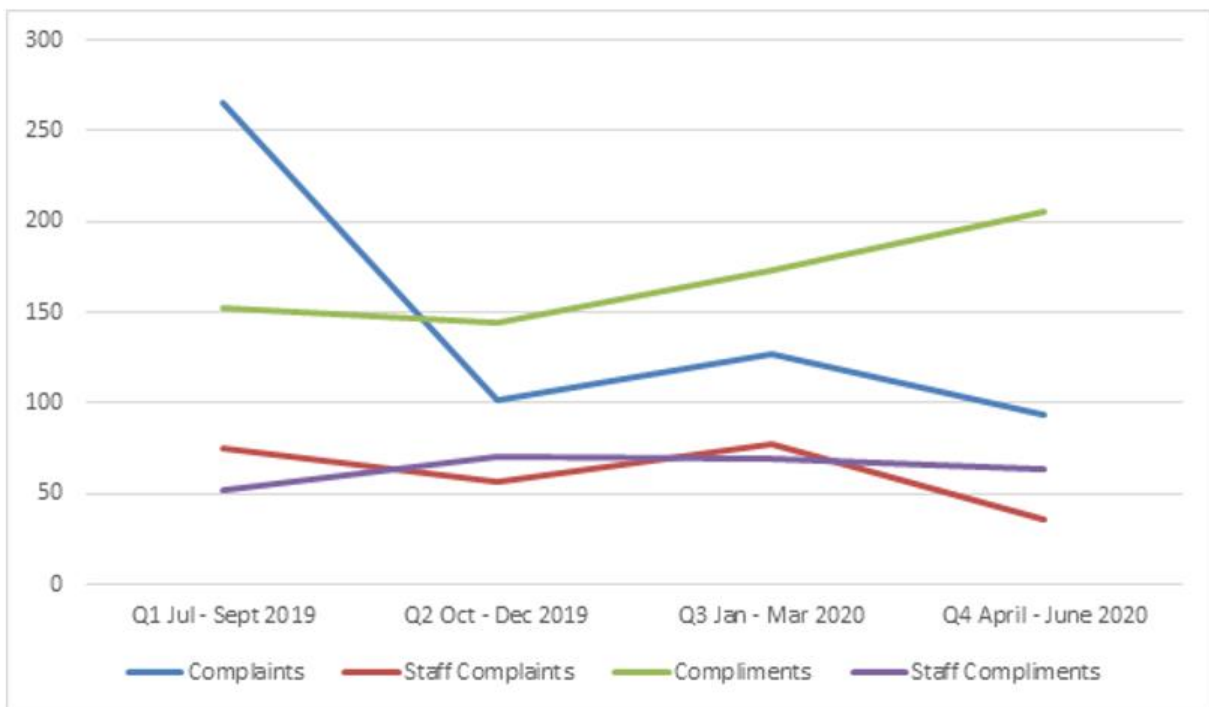
### Reporting

Evaluation of the type of complaints and compliments received.

### Overall performance in 2019/2020

An overall improvement in complaints and compliments has been achieved in 2019/2020 with a 65% reduction in overall complaints and a 34% increase in compliments since the start of the financial year.

This performance is in line with the overall satisfaction results in the Customer Experience survey undertaken in June 2020.



### Q4 Complaints

- A total of 129 complaints were received in Q4 2019/20 compared to 204 complaints in Q3 – a total of 26% reduction for the quarter and could be attributed to the service interruptions as a result of COVID19 impacts
- Most complaints received during this period related to staff feedback
- On average in Q4, approximately four complaints were received per month compared to an average of 46 complaints per month in Q3.

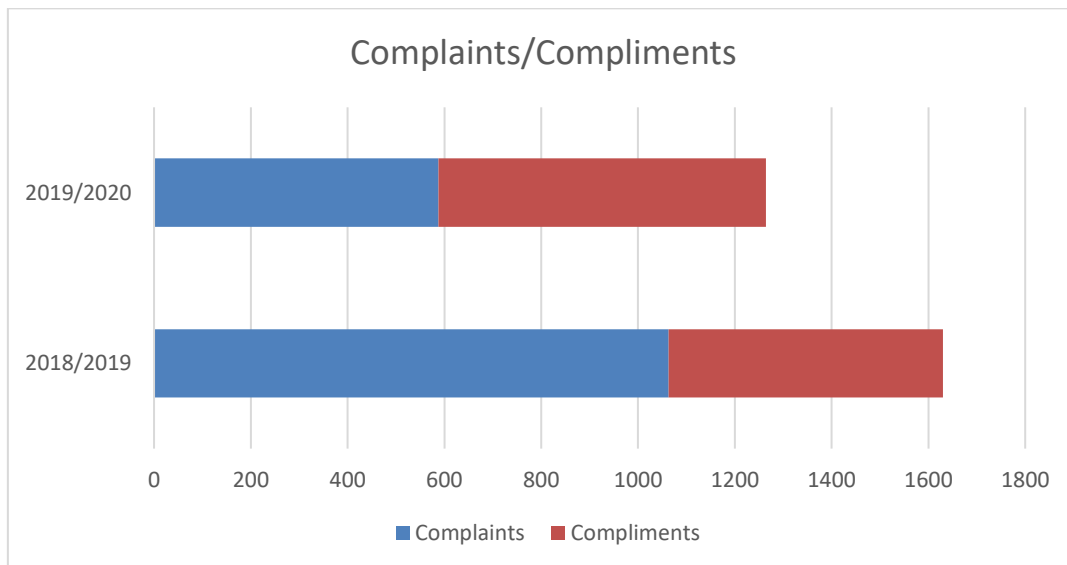
- An average of 12 Sensitive (staff) complaints were received per month in Q4 compared to an average of 25 per month during the previous quarter
- The number of complaints relating to Value of Fees which has remained consistent throughout the year.

#### Q4 Compliments

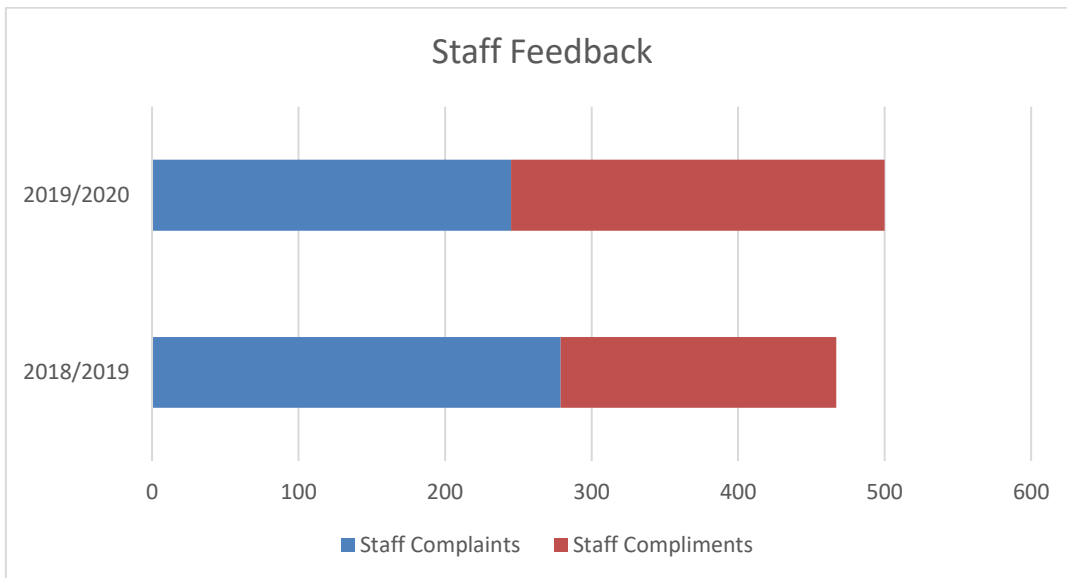
- There was a 19% increase in overall compliments in Q4 compared to previous quarter ((206 in Q4 and 173 in Q3)
- Most compliments in Q4 related to General Feedback- a 100% increase from the previous quarter.
- An average of 21 staff compliments received per month in Q4 (average of 25 received in Q3). The monthly average has remained consistent throughout 2019/20.
- Staff compliments make up on average 38% of our compliments.

#### **2018/2019 and 2019/2020 Comparison**

There was a 45% reduction in complaints between 2018/2019 and 2019/2020 mostly due to the continued improvements with the CX CRM system and focus on customer experience improvement.

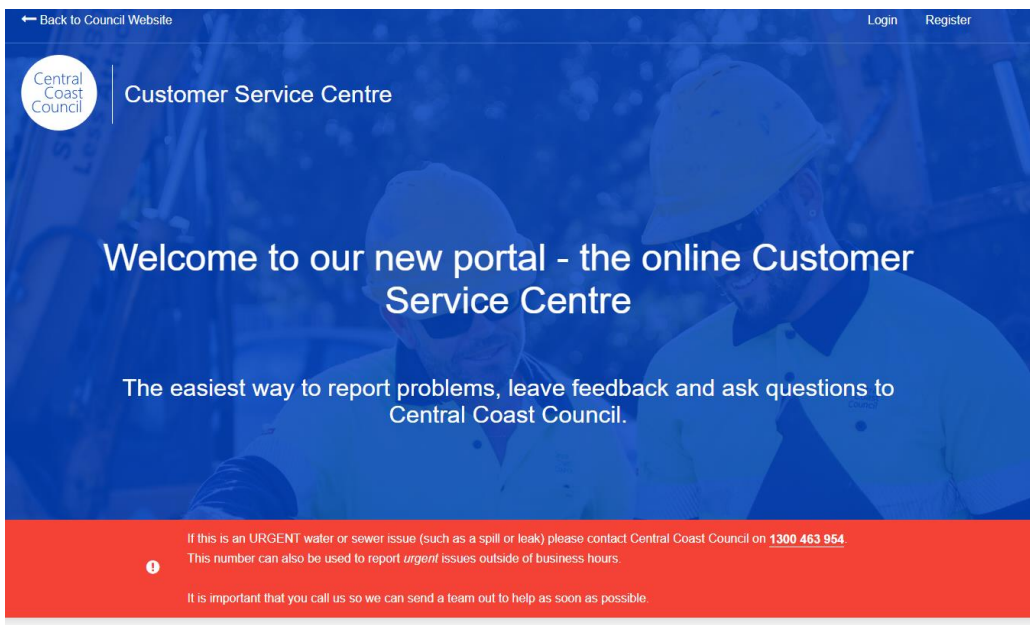


Staff compliments make up on average 38% of compliments received. Staff feedback remained consistent over the 2 years with only a slight reduction in staff complaints (12%) and a slight increase in compliments (19%) compared to 18/19.



### Improvement program













In early 2020, Auditors Centium conducted research into the Complaints Management process within Council and found some key gaps including “More sophisticated strategies and systems are required to improve the monitoring and reporting of complaints to build a firm basis for continuous improvement.” One recommendation to improve the process includes providing a single online reporting form for customers to simplify their submission. This recommendation is being addressed through changes to our new CX Portal – Online Customer Service Centre.



Customers will now have the option to simply select “Feedback” from the categories and then select the relevant sub-category: Compliment, Staff Conduct Complaint, Complaint or

Something Else and complete a standardized online form.

Pick a category

 Animals →	 Graffiti and vandalism →	 Rates and water billing →
 Roads and footpaths →	 Sewer and drainage →	 Water →
 Maintenance of a Council facility →	 Trees and bushland →	 Mowing →
 Parking and vehicles →	 Waste and rubbish →	 Feedback →



Customer Service Centre

Categories > Feedback

Pick a subcategory

Compliment →	Staff Conduct Complaint →	Complaint →
Something else? →		

Can't find what you're looking for? [Go back to categories](#)

The Team Leader, Customer Feedback will then receive all the requests in CX and will reallocate them to the correct request removing customer confusion and reducing choice overload in the current CX Portal.

By promoting the Online Customer Service Centre via our external communications plan including media releases, social media testimonials, local newspaper advertisements, flyers and screen savers in community facilities this will help drive customers to this channel and help make it simple and easy for customers to provide feedback to Council.

**Internal Complaints Management**

The recent complaints audit has identified opportunities to improve the internal process complaints. With the audit completed the resulting recommendations are being considered and a separate report detailing the internal complaint process and actions for change will be provided to ARIC.

**Attachments**

- 1 Q4 2020 - Complaints and Compliments Data 1 April to 30 June 2020 D14206518

## Complaints and Compliments Q4 1 April 2020 – 30 June 2020

The below is a report of the complaints and compliments as registered in CX system for the third quarter period 1 April 2020 to 30 June 2020.

Feedback is captured in Council's Customer Experience (CX) system.

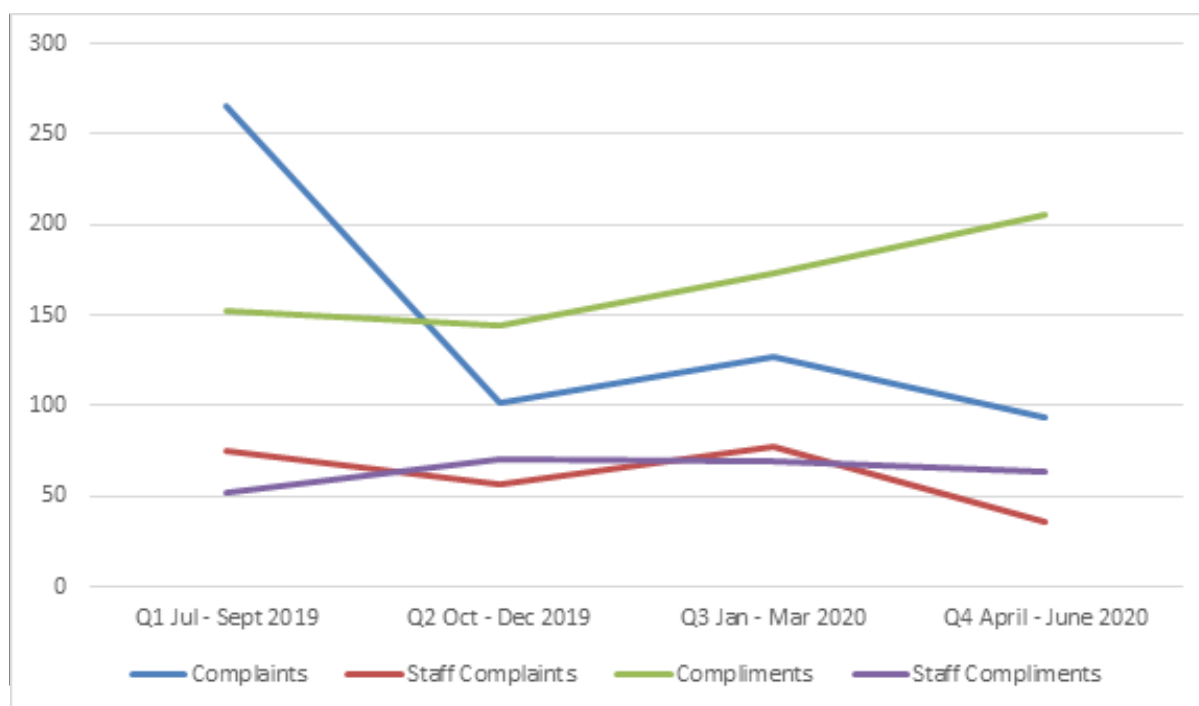
Complaints and Compliments are categorised at a high level as follows:

- Council Decision
- General Feedback
- Level of Service
- Quality of Work
- Response Time
- Value of Fees and Charges
- Staff Performance
- Staff Complaint

## Overall performance in 2019/2020

An overall improvement in complaints and compliments has been achieved in 2019/2020 with a 65% reduction in overall complaints and a 34% increase in compliments since the start of the financial year.

This performance is in line with the overall satisfaction results in the Customer Experience survey undertaken in June 2020.



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- The number of complaints relating to Value of Fees which has remained consistent throughout the year

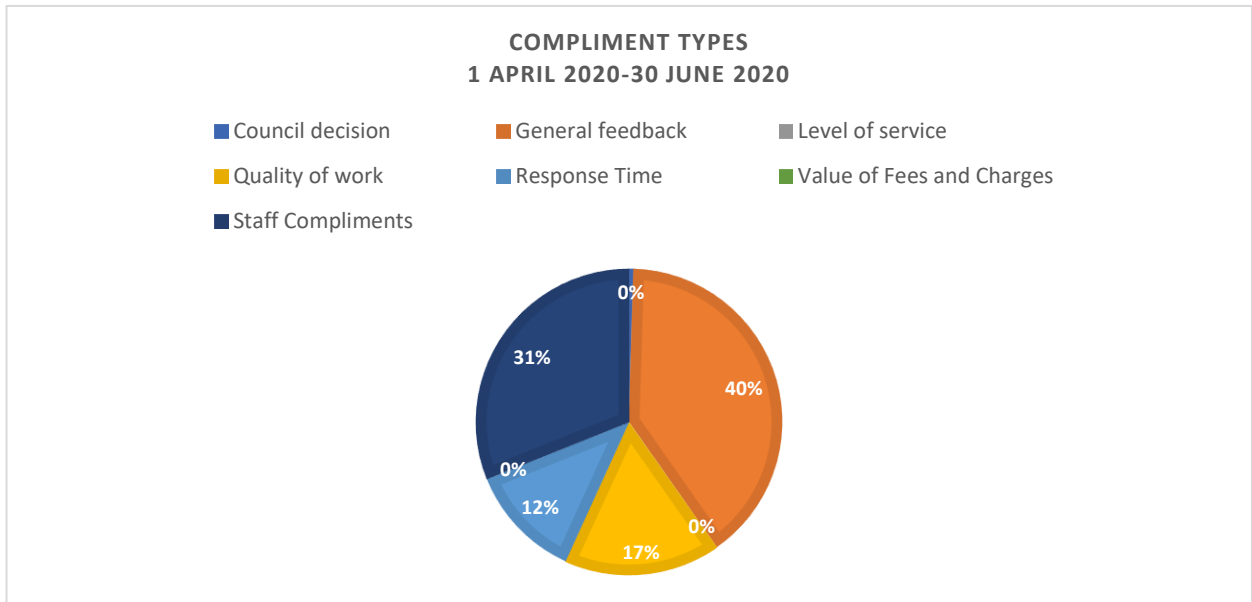
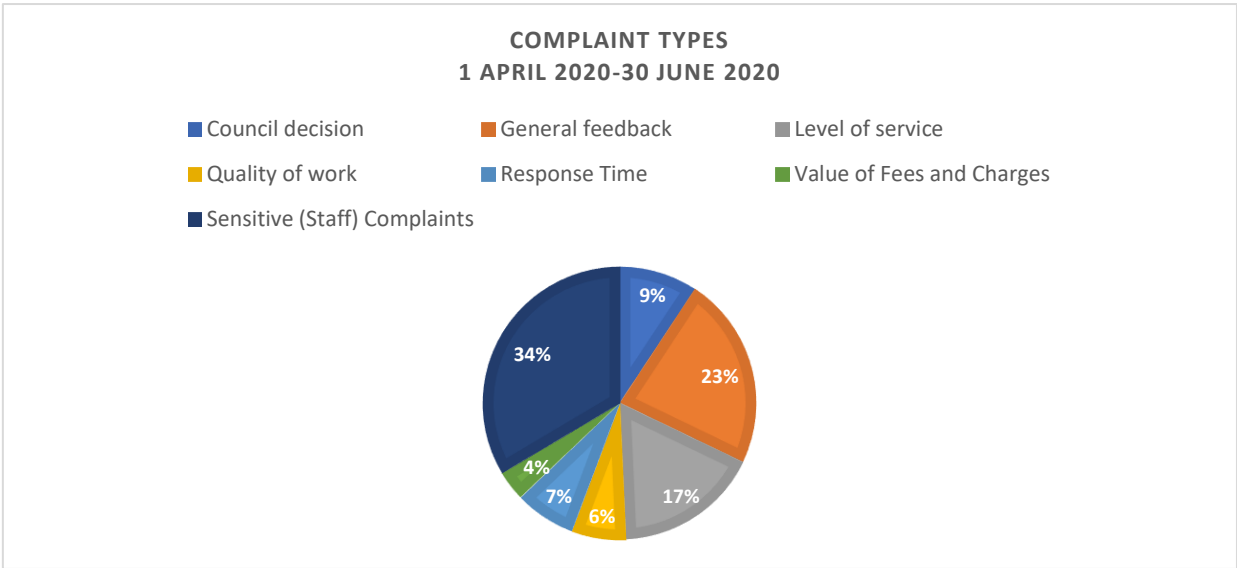
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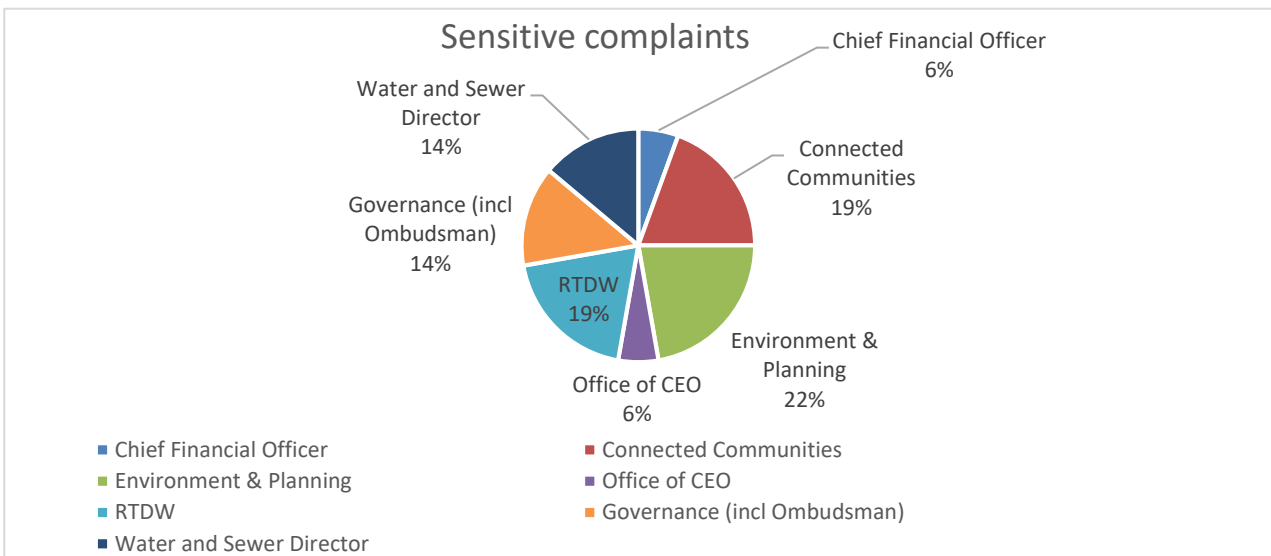
The following table outlines the detail on volume of complaint and compliment types received during the reporting period

<b>Complaints and Compliments from CX system</b>			
<b>1 April 2020 – 30 June 2020</b>			
<b>LIST BY COMPLAINT TYPES</b>	<b>No</b>	<b>LIST BY COMPLIMENT TYPES</b>	<b>No</b>
Council Decision	13	Council Decision	1
General Feedback	32	General Feedback	82
Level of Service	24	Level of Service	0
Quality of Work	9	Quality of Work	34
Response Time	10	Response Time	25
Value of Fees and Charges	5	Value of Fees and charges	0
Sensitive (staff) Complaints	36	Staff Performance	64
Total Exc Sensitive	93	Total	206





Staff (Sensitive) Complaints 1 April 2020 – 30 June 2020			
LIST BY COMPLAINT TYPES	No		
Chief Financial Officer	2	Office of CEO	2
Connected Communities	7	RTDW	7
Environment & Planning	8	Governance (Incl Ombudsman)	5
		Water & Sewer Director	5



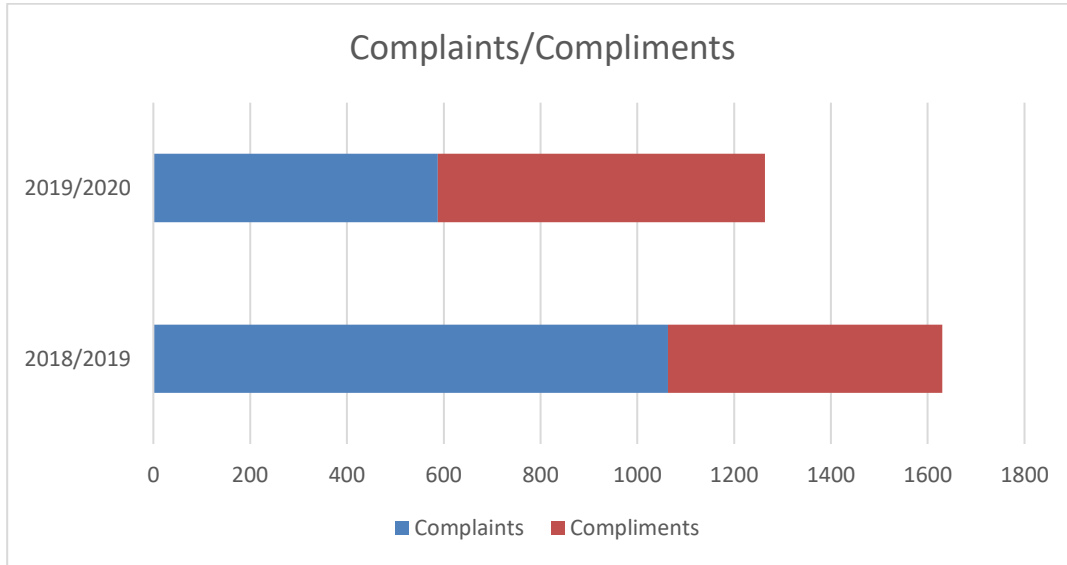
The following table below breaks down complaints and compliments by group. Comparison with previous quarters and previous year is not possible due to the changes made with the CX CRM system through the last year.

COMPLAINTS BY GROUP		No.	COMPLIMENTS BY GROUP		No.
Asset Evaluation		3	Building Maintenance		2
Asset Management Roads		3	Business Support		1
Building Certification North		1	Community Engagement (U)		9
Building Certification South		2	Community Partnerships		2
Building Maintenance		2	Community Safety		1
Business Support		3	Construction Delivery north		1
Cemeteries		0	Construction Delivery South		1
Community Engagement		2	Customer Relationships		3
Community Partnerships (U)		0	Environment and Certification (U)		15
Community Safety		2	Environmental management (U)		15
Construction Delivery North		2	Facilities and Asset Management		1
Construction Delivery North		3	Field Services		13
Construction Delivery South		1	Financial Services		2
Customer Relationships		1	Governance and Business Services		3
Construction Delivery North		6	IMT Geospatial		1
Construction Delivery South			Leisure and Lifestyle (U)		1
Customer Relationships			Leisure and Pools		
Depots and Admin Facilities			Libraries Learning and Education		52
Development Assessment (U)			Library Operations		2
Development Assessment North			Library strategy and connection		1
Development Control		2	Network Ops and Quality Control South		8
Environment and planning (Director)		1	Network Ops and Quality Control North		1
Environment and Certification (U)		1	Open Space & Recreation		10
Environment and public health		5	Parks and reserves		2
Environmental management (U)		4	Place Activation		1
Facilities and Asset Management			Pre Lodgement & Customer Engagement		1
Financial Services		7	Program Delivery		1
Governance and Business Services		2	Road and Drainage Maintenance North		1
IMT Assure		1	Roads Asset Planning and Design (U)		1
Insurance and Risk		1	Roads Construction and Project Management (U)		2
Legal (U)		1	Roads Maintenance and Asset Evaluation (U)		33

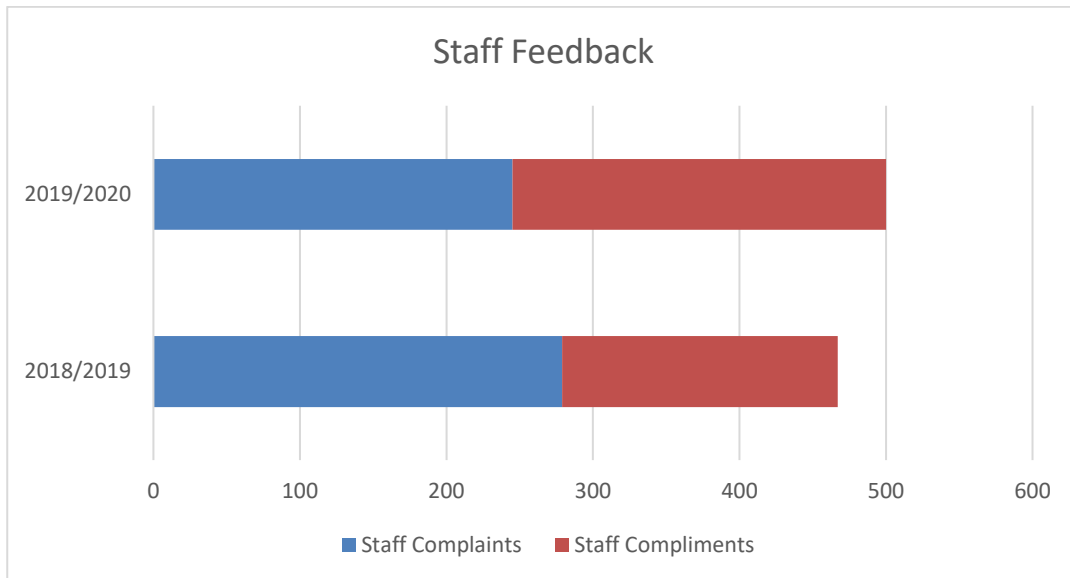
COMPLAINTS BY GROUP		No.	COMPLIMENTS BY GROUP		No.
Leisure and Lifestyle (U)			Road business dev tech services		1
Leisure and Pools			Strategic Planning (U)		6
Libraries Learning and Education			Technical Services Roads		2
Library Operations		2	Systems operations		2
Minor Construction		4	Technical Services roads		3
Natural Assets and Biodiversity					
Network Ops and Quality Control South		2			
Office of the CEO (Director)		1			
Parking Stations		2			
Place Activation					
Planning and Delivery		1			
Property and Infrastructure Services					
Plant and fleet		1			
Program and planning		1			
Road and Drainage Maintenance North		1			
Road and Drainage Maintenance South		3			
Roads Asset Planning and Design (U)		1			
Roads Asset Planning and design		1			
Roads business dev and tech services		1			
Roads Maintenance and Asset Evaluation (U)		3			
RTDW (Director)		1			
Sports Facilities and Planning		1			
Strategic Planning (U)		1			
Technical Services Roads		1			
Technical Services Water					
Waste Services		5			
Waste Services & Bus Dev		1			
Waterways					
Contracts and projects		2			

### 2018/2019 and 2019/2020 Comparison

There was a 45% reduction in complaints between 2018/2019 and 2019/2020 as a result of due to the continued improvements with the CX CRM system and increased awareness of the customer experience..

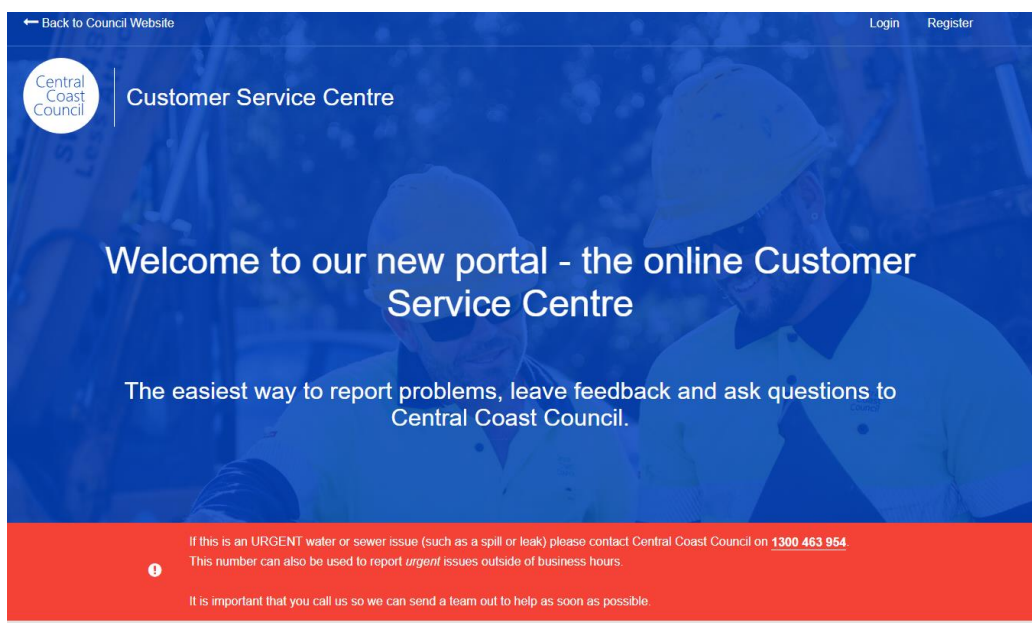


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







## Improvement program

In early 2020, Auditors Centium conducted research into the Complaints Management process within Council and found some key gaps including “More sophisticated strategies and systems are required to improve the monitoring and reporting of complaints to build a firm basis for continuous improvement.” One recommendation to improve the process includes providing a single online reporting form for customers to simplify their submission. This recommendation is being addressed through changes to our new CX Portal – Online Customer Service Centre.



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**Item No:** 8.1  
**Title:** Mardi to Warnervale Pipeline Project Update  
**Department:** Water and Sewer

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14180940  
Author: Daniel Kemp, Unit Manager, Planning and Delivery  
Executive: Jamie Loader, Director Water and Sewer

### **Summary**

This \$61M project is an integral piece of water supply infrastructure for the northern part of our region. It will service expansion in the major northern growth corridor including Warnervale Town Centre and numerous greenfield subdivision sites within the Kanwal Reservoir Catchment.

It will also improve drought security via bulk water transfers between the Central Coast and Hunter. The project is being delivered by joint venture partners Spiecapag and Seymour Whyte and managed by the CCC M2WP Project Team from Water and Sewer Major Construction Department

### **Recommendation**

- 1 That the Committee note the Mardi to Warnervale Pipeline Project Update.**
- 2 That the Committee make a recommendation that this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.**

### **Contract Award**

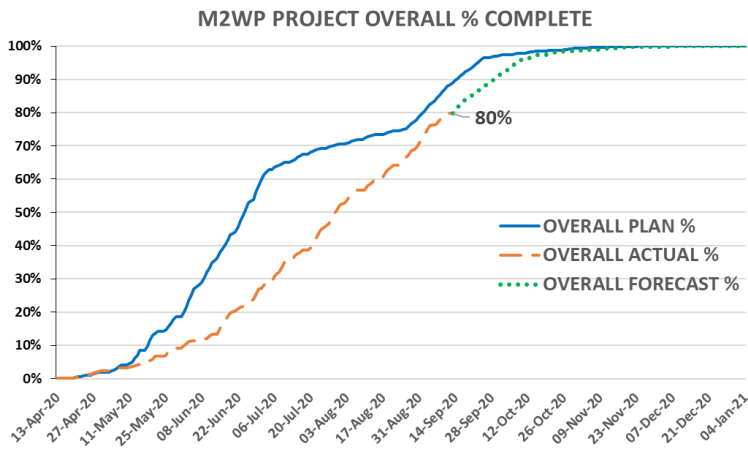
Contract was awarded to Spiecapag and Seymour Whyte Joint Venture on 20 January 2020.

### **Current Status**

Construction Progress at 80%. Completion as at 13 September 2020.



## 8.1 Mardi to Warnervale Pipeline Project Update (contd)



### Consultation

Consultation with the community continues with project update notifications via letterbox drops and through CCC Your Voice Our Coast M2WP Project page.

### Financial Impact

Approved Project Budget	\$61,923,662
Approved Project Commitments	\$45,229,887
Expenditure as at 30 August 2020	\$24,270,629

The current contingency review against risk indicates at this stage that we will be within the project contingency.

### Risk Management

Risk is managed on the project via monitoring the risk register and new risks identified are reported through a trend process. These trends are reviewed with the Project Director monthly and summarised in the project monthly report.

### Critical Dates or Timeframes

Agreement with Hunter Water is to have water transfer at the agreed water transfer rate in operation by the end of September 2021. Contractor practical completion and handover to CCC Operations is currently earlier than anticipated.

The project is currently ahead of schedule.

MILESTONES	BASELINE	FORECAST/ACTUAL
Construction commencement	27 May 2020	11 May 2020
Reach 1 complete	20 October 2020	6 October 2020
Reach 2 complete	30 November 2020	1 December 2020
Reach 3 complete	30 November 2020	14 December 2020
Wyong River HDD complete	14 September 2020	6 August 2020
SEPP HDD complete	21 October 2020	7 October 2020
Deep Creek thrustbore complete	30 September 2020	9 October 2020

## 8.1 Mardi to Warnervale Pipeline Project Update (contd)

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M1 thrustbore complete	3 September 2020	13 November 2020
Valve Station complete	9 November 2020	6 November 2020
Valve House complete	30 November 2020	9 December 2020
Commissioning commence	6 January 2021	11 December 2020
Commissioning complete	2 February 2021	11 January 2021
Contractor Practical Completion	22 March 2021	19 January 2021

### Attachments

*Nil.*



**Item No:** 11.3  
**Title:** Update on Action Plan endorsed at the 17 June 2020 ARIC meeting  
**Department:** Governance

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6 November 2020 Audit Risk and Improvement Committee Meeting

Reference: F2018/00028-002 - D14200106  
Author: James Taylor, Section Manager Governance  
Manager: Shane Sullivan, Unit Manager, Governance and Business Services  
Executive: Jamie Loader, Acting Chief Executive Officer

## Summary

The purpose of this report is to provide an update on the progress of the Action Plan that was endorsed at the 17 June 2020 ARIC Meeting, which includes presenting the proposed process to recruit an additional Independent Member.

## Recommendation

- 1** *That the Audit, Risk and Improvement Committee note the report providing an update on the Action Plan that was endorsed at the 17 June 2020 ARIC meeting.*
- 2** *That the Audit, Risk and Improvement Committee approve the proposed timeline and process for the appointment of a new ARIC member, noting it is based upon the process included in the Office of Local Government's discussion paper on [A New Risk Management and Internal Audit Framework for local councils in NSW \(September 2019\)](#).*
- 3** *That the Audit, Risk and Improvement Committee review and provide feedback on the Expression of Interest, Information Pack and Application Form which are attachments to this report at the 6 November 2020 ARIC meeting so that the process as outlined can progress.*
- 4** *That this report be made publicly available, pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter.*

## Self-Assessment Action Plan

At the 17 March 2020 Audit, Risk and Improvement Committee (ARIC) meeting, the Committee received a report on the ARIC Self-Assessment Survey Summary (the Summary). The Summary detailed the results of the Self-Assessment Survey completed by ARIC stakeholders, and identified three areas for improvement based on common themes across the short answers and statement responses.

### 11.3 Update on Action Plan endorsed at the 17 June 2020 ARIC meeting (contd)

The three areas identified for improvement were:

- a) membership of the Committee;
- b) focus on risk management; and
- c) following up on implementation of actions recommended from audits.

An action plan was endorsed at the 17 June 2020 ARIC meeting. An update on actions is below.

Action	Responsible Officer	Due Date	Status
The Committee to nominate a new Chairperson at the first meeting following 27 April 2020, in line with Council resolution regarding reappointment of Independent Members.	ARIC Members	17 June 2020 ARIC Meeting	<b>Completed</b> - Colin Gellatly appointed as Chairperson at the 17 June 2020 ARIC meeting.
Director Governance to provide a quarterly report to the Committee reporting against the Enterprise Risk Management Framework commencing with meeting in June 2020.	Director Governance or Delegate	Quarterly ongoing, commencing with 17 June 2020 ARIC meeting	Included in the Governance and Risk activities update report at the 17 June 2020 ARIC meeting and on agenda for 6 November 2020 meeting.
Director Governance to provide an annual update to the Committee on the management and progress of the Enterprise Risk Management Framework commencing with the first meeting after 30 June 2020.	Director Governance or Delegate	Annually ongoing, commencing with 6 November 2020 ARIC meeting	Included in the Governance and Risk activities update report and on agenda for 6 November 2020 meeting.
Chief Internal Auditor to continue providing a quarterly progress report on any IA issues to be noted by the Committee.	Chief Internal Auditor	Quarterly ongoing, continuing with 17 June 2020 ARIC meeting	On agenda for 6 November 2020 meeting.

**11.3 Update on Action Plan endorsed at the 17 June 2020 ARIC meeting (contd)**

Action	Responsible Officer	Due Date	Status
Chief Internal Auditor to continue providing report on implementation of management actions arising from IA review to ARIC meetings as required in the ARIC Charter.	Chief Internal Auditor	Quarterly ongoing, continuing with 17 June 2020 ARIC meeting	On agenda for 6 November 2020 meeting.
Report to be provided to ARIC regarding the revised OLG Risk Management and Internal Audit Framework and any impacts on ARIC, including a revised ARIC Charter if required by the Framework.	Director Governance or Delegate	First ARIC meeting after OLG Risk Management and Internal Audit Framework is finalised (expected March 2021)	Pending finalisation of OLG Risk Management and Internal Audit Framework.

**Committee appointments**

The initial three-year appointment of the three Independent External Members made at the [26 July 2017 Ordinary Council Meeting](#) expired on 26 April 2020, and a formal review (as required under Clause 15 of the ARIC Charter) was undertaken and presented to Council for consideration at the [27 April 2020 Ordinary Council Meeting](#).

At that meeting, Council resolved, in part:

*317/20 That Council recognise the contribution of the three Independent External Members of Audit, Risk and Improvement Committee for their assistance and contribution over the past three years and make the following phased re-appointments:*

- a Dr Colin Gellatly (AO) be re-appointed for a period of one year;*
- b John Gordon be re-appointed for a period of two years; and*
- c Carl Millington be re-appointed for a period of three years.*

It is noted that the re-appointment of Dr Gellatly for a period of 12 months coincides with the remaining time that he can serve as Chair of ARIC under clause 21 of the ARIC Charter. Dr Gellatly's re-appointment as Chairperson of the Committee and to ARIC will cease on **27 April 2021**, resulting in a vacancy on ARIC.

*Recruitment process*

### 11.3 Update on Action Plan endorsed at the 17 June 2020 ARIC meeting (contd)

The ARIC Charter does not set out a process for the recruitment of an Independent External ARIC Member, however the NSW OLG's discussion paper on [A New Risk Management and Internal Audit Framework for local councils in NSW](#) (September 2019) makes the following observation at page 35:

*Appointment and size of the Committee*

*The Audit, Risk and Improvement Committee is to be appointed by the governing body of the council. Councils may find it practical to establish a small committee of councillors and the general manager to conduct the selection process and make appointment recommendations to the larger governing body.*

The process outlined below is consistent with the previous method of recruiting an Independent External ARIC Member conducted by Central Coast Council and the process outlined in the NSW OLG's discussion paper. Although the OLG discussion paper has not come into effect it is considered best to align our processes with what was placed on exhibition for comment.

It is proposed to run the recruitment process through Council's online Scout e-Recruitment System and the following timeframe is proposed for the appointment of a new ARIC member:

Date	Task	Comments
Week commencing Monday 16 November 2020	Advertisement of the EOI	Following approval/feedback from the 6 November 2020 ARIC Meeting.
14 December 2020 Ordinary Council Meeting	Report to Council about process and appointment of Councillors to Interview Panel	Council report recommending that the interview panel consist of either the following four members: <ol style="list-style-type: none"> <li>1. the Mayor;</li> <li>2. the Deputy Mayor;</li> <li>3. one other Councillor; and</li> <li>4. the Chief Executive Officer.</li> </ol> Or if Councillors are suspended the following three members: <ol style="list-style-type: none"> <li>1. the Administrator;</li> <li>2. the Chief Executive Officer; and</li> <li>3. the Chief Internal Auditor.</li> </ol>
18 December 2020	Closing date of EOI Application	To allow five full weeks for applications to be submitted.

**11.3 Update on Action Plan endorsed at the 17 June 2020 ARIC meeting (contd)**

Date	Task	Comments
Week commencing Monday 11 January 2021 (or sooner)	Review by Interview Panel of all EOI Applications	Interview Panel to select a shortlist of between two to four candidates to proceed to the final interview stage to be held in February 2021.
February 2021	Final interview stage	Interview Panel conducts final interview stage and determines preferred candidate (Dates to be confirmed for report to Council).
19 April 2021 Ordinary Council Meeting	Appointment of new ARIC independent member	Interview Panel's preferred candidate presented to Council as part of a Council report with recommendations.
Week following Council Resolution (and prior to 27 April 2021)	Appointment of new ARIC member	Chief Executive Officer to write to the successful candidate on behalf of Council.

This proposed process will be recommended to be incorporated into the Charter at the next formal review of the Charter.

The attachments below will be updated to incorporate any feedback from ARIC members.

**Attachments**

- |   |                                     |           |
|---|-------------------------------------|-----------|
| 1 | 2020 EOI Information package        | D14216327 |
| 2 | ARIC EOI Advertisement October 2020 | D14216336 |
| 3 | ARIC EOI Proposed questions         | D14218560 |

## Information Package



### Audit, Risk and Improvement Committee Independent External Member

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#### Overview

Central Coast Council (Council) is committed to open and transparent governance that meets community expectations. To enhance its governance framework, Council established an Audit, Risk and Improvement Committee (ARIC) in 2017.

The ARIC has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council's audit processes, internal controls, external reporting, risk management activities, compliance of, and with, Council's policies and procedures, and performance improvement activities.

This is an Advisory Committee to Council providing independent assurance, oversight and assistance to Council. The Committee's responsibilities, in accordance with Part 4A of the **Local Government Act 1993 (NSW)**, are:

- 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 Council; and
- i) any other matters prescribed by the regulations.

#### Structure & Membership

The Committee is currently comprised of three independent external members and two Councillors. The Chairperson is elected by the majority of the Committee's voting members and must be one of the Independent External Members.

There is currently one vacancy for an independent external member on the Committee to be appointed on an initial three to five-year tenure as determined by Council.

The Committee undertook a Self-Assessment survey and as part of that identified a need for diversity in membership. It was identified that the skill set of the Committee should be broadened to key areas such as risk management and corporate improvement.



## **Audit, Risk & Improvement Committee Charter**

The Committee is required to operate in accordance with the [Audit, Risk & Improvement Committee Charter](#) (the Charter).

This Charter, which is based on the guidelines issued by the Chief Executive of the Office of Local Government pursuant to s. 23A of the *Local Government Act 1993*, is consistent with best practice, and is intended to add value and drive the qualities of effective Local Government (being openness, transparency and accountability).

### **Meetings**

A minimum of five meetings will be held annually. Meetings will be held at either Gosford/Wyong Council offices or remotely. The meetings will be convened in accordance with the Charter.

Members are expected to come to meetings prepared, having read all documentation distributed for discussion.

### **Reporting**

The Committee shall report to Council and provide information for the purpose of improving Council's performance of its functions. Reporting is to be in accordance with the Charter.

### **Selection Criteria**

The following criteria will be used when assessing applications:

- 1 Independent and objective;
- 2 Relevant professional qualifications;
- 3 Relevant professional knowledge and expertise;
- 4 Understanding of/experience in local government;
- 5 Understanding of the role of corporate governance in organisations;
- 6 Appointed to, or have the qualifications to be appointed to, the NSW *Prequalification Scheme – Audit and Risk Committee Independent Chairs and Members*;
- 7 Understanding of the role of Enterprise Risk Management in organisations; and
- 8 Current/prior experience on similar committees.

Applications will be assessed with the aim of achieving an overall mix of skills and experience on the Committee.

## Remuneration

Remuneration for the Chairperson is an annual fee and for Independent Members is a flat, per meeting fee in accordance with the NSW Treasury and NSW Department of Finance, Services and Innovation [Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members July 2015](#) guide (Large Agency), which includes attendance at up to five meetings per year.

The standard fee will be paid for attendance is:

- \$20,920 (ex GST) per annum for the Chairperson; and
- \$2,092 (ex GST) per meeting for other Independent Members.

Fees are inclusive of travel, preparation and all other costs associated with attending the meetings.

## Induction and Training

All members are required to undertake Code of Conduct and Protected Disclosure training. Members appointed who have not previously been a member of a Local Government Audit Committee, may be required to attend an external training course by the Institute of Internal Auditors (or other) on Audit Committees.

## Responsibilities of Members

The role and responsibilities of independent external members include:

- Have a high level of personal integrity and ethics, as well as acting honestly and in good faith;
- Make themselves available as required to attend and participate in meetings;
- Perform their duties in a manner that engenders public trust in the integrity, objectivity, and impartiality of the Committee;
- Comply with the Charter;
- Have strong interpersonal skills;
- Have strong skills in oral and written communication;
- Understand the relevant legislative and regulatory environment of Audit and Risk Management in NSW Local Government and any requirements appropriate to Central Coast Council, particularly as these pertain to individual matters under consideration by the Committee;
- Contribute the time needed to study and understand the papers provided, and to devote to their responsibilities as a Committee Member;
- Apply good analytical skills, objectivity and good judgment;
- Express opinions frankly and ask questions that go to the fundamental core of issues;
- Pursue independent lines of enquiry when required;
- Review the risks, progress, controls, finances and performance surrounding major projects;
- Have an understanding of management principles required, recognising and evaluating the materiality and significance of deviations from good business practices;
- Have an appreciation of fundamental concepts in areas such as accounting, economics, commercial law, taxation, finance, quantitative methods and IT;

- Assist the Council and relevant Senior Staff with the formulation of Finance, Audit, Risk and related Policies and Procedures.

### **Obligations and Constraints**

Committee members are required to comply with the following requirements:

- Council's Code of Conduct;
- Council's Code of Meeting Practice;
- Maintain confidentiality in relation to all discussions and information obtained during or as a result of meetings;
- All conflicts of interest are to be declared and recorded in the Minutes and, if necessary, appropriate action may be required if a conflict is declared;
- Members shall abide by Council's policies and procedures; and
- Members must observe Council's Social Media Policy

**Closing date** for applications is 5pm on **TBC – five weeks from going live**.

### **Further details:**

Please visit the following link <https://www.centralcoast.nsw.gov.au/council/meetings/audit-risk-and-improvement-committee> to access details on:

1. ARIC Annual Reports;
2. The ARIC Charter;
3. Published ARIC Meeting Minutes, Agendas and Supporting Papers.

Under the recent changes to the Model Code of Conduct, which are reflected in Council's [Code of Conduct](#), Independent ARIC Members are now classified as "designated persons" and will be required to complete an annual Disclosure of Interest Return when engaged and at the end of each financial year.

### **How to Apply:**

*TBC – Information regarding Council's online application system to be included in consultation with People and Culture.*

### **Interview stage**

A shortlist of suitable applicants will be asked to progress to a final interview stage.

### **Contact:**

Should you have any enquiries regarding this position, please contact James Taylor, Section Manager Governance and ARIC Convenor on 1300 463 954 or via [ask@centralcoast.nsw.gov.au](mailto:ask@centralcoast.nsw.gov.au).

## Expression of Interest

### Audit, Risk and Improvement Committee Independent External Member



[Central Coast Council](#) is seeking Expressions of Interest from a suitably qualified and experienced person to be appointed as an independent external member of Council's **Audit, Risk and Improvement Committee** (the Committee) for an initial period no less than three years and not exceeding five years, commencing 28 April 2021.

The Committee currently comprises three Independent External Members and two Councillors and meets at least five times per year, either at Gosford/Wyong Council offices or remotely. This is an advisory committee to Council providing independent assurance, oversight and assistance to Council in the areas of risk, control, improvements, governance, financial reporting and performance. The Committee currently has members with skills and experience in accounting and financial management. Council is seeking to broaden to other key areas such as risk management and corporate improvement.

Members chosen to serve on the Committee should exhibit an independence of mind in their deliberations and not act as a representative of a particular area of the community or Council and be astute to avoid conflicts of interest. A standard fee inclusive of travel, preparation and all other costs associated with attending the meetings will be paid for each meeting attended.

Click on the links for access to an [Information Package](#) and [Online Application Form](#).

#### **Selection Criteria**

The following criteria must be addressed indicating knowledge and experience, in accordance with Council's [Audit, Risk & Improvement Committee Charter](#), in the following areas:

1. Independent and objective;
2. Relevant professional qualifications, such as accounting, legal, risk management, auditing, business or planning;
3. Relevant professional knowledge and expertise;
4. Understanding of / experience in Local Government;
5. Understanding of the role of corporate governance in organisations;
6. Appointed to, or have the qualifications to be appointed to, the NSW *Prequalification Scheme – Audit and Risk Committee Independent Chairs and Members*;
7. Understanding of the role of Enterprise Risk Management in organisations; and
8. Current / prior experience on similar committees.

#### **Submitting an Application**

Interested parties should address the selection criteria by:

- completing an online application (*further details TBC in consultation with People and Culture*);
- providing a current resume with a covering letter.

A shortlist of suitable applicants will be created and they will be asked to progress to a final interview stage.

**Closing date** for applications is 5pm on **TBC – five weeks from going live**.

Proposed questions to be used in the online **application system** (*further details TBC in consultation with People and Culture*).

DECLARATIONS OF INTEREST
Please list any clubs, organisations, interest groups or committees that you are a member of, or have affiliations with in the <i>Central Coast Local Government Area</i> :
Name/Details:
Name/Details:

Do you have any contracts (actual or potential) or other business with Council that might create a conflict of interest between your duties as a member of ARIC and your private interests?
No                      Yes (if yes, please provide)

SELECTION CRITERIA	
Please provide a statement clearly explaining (with relevant examples) how your qualifications and/or experience satisfies and addresses each of the following topics:	
1	Independent and objective
2	Relevant professional qualifications
3	Relevant professional knowledge and expertise
4	Understanding of / experience in local government
5	Understanding of the role of corporate governance in organisations
6	Appointed to, or have the qualifications to be appointed, to the <i>NSW Prequalification Scheme – Audit and Risk Committee Independent Chairs and Members</i>
7	Understanding of the role of Enterprise Risk Management in organisations
8	Current / prior experience on similar committees