

**Submission
No 8**

**EXAMINATION OF THE AUDITOR GENERAL'S PERFORMANCE AUDIT
REPORTS JUNE - DECEMBER 2020**

Organisation: Central Coast Council

Date Received: 28 September 2021



28 September 2021

Mr Greg Piper MP
Chair
Legislative Assembly - Public Accounts Committee

By Email: pac@parliament.nsw.gov.au

Dear Mr Piper

Auditor-General's Performance audit report – Governance and internal controls over local infrastructure contributions

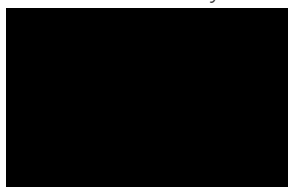
Thank you for your letter seeking a submission outlining Council's response to recommendations included in the Auditor-General's Performance audit report. The template has been completed and attached for the Committee's review.

The audit process has assisted with the administration of Council's Local Infrastructure Contributions through the review and assessment of Council's plans and policies, development of Terms of Reference for Council's Contributions Committee and Working Group and the implementation of guidelines for the negotiation and preparation of works in kind agreements.

Council will continue to work on the two outstanding recommendations (5 and 13), which include the review and consolidation of Council's Local Infrastructure Contribution Plans and preparation of a Central Coast Planning Agreements Policy.

Please do not hesitate to contact Shannon Turkington, Section Manager Local Infrastructure and Planning on [REDACTED] if you require further information.

Yours sincerely



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IMPLEMENTATION OF RECOMMENDATIONS

Central Coast Council

Governance and internal controls over local infrastructure contributions

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
1 Obtain independent validation of the adjustment made to the restricted asset accounts and general fund to repay LICs spent on administration, and adjustments made to each infrastructure category within the contributions plans.	Accepted		June 2020	Completed – Fortunity Accountants were engaged to provide independent advice. The Administration Fees have been repaid to General Revenue. Adjustments have been made to the calculation of interest on advice from Clayton Utz. Utilising the "simple" interest calculation allowing for an additional \$1.3m to be paid back onto the general fund.	Central Coast Council - Finance
2 Publish current contributions plan from the former Gosford City Council on the Central Coast website	Accepted		June 2020	Completed – Former Gosford City Council Contribution plan published on Council's website – April 2020	Central Coast Council – Strategic Planning
3 Regularly report to senior management on the projected financial status of contributions plans.	Accepted		December 2020	Completed – Overview of income and expenditure is reported through Council's Contributions Committee. As contribution Plans are reviewed and updated, detailed financial modelling will be undertaken and the financial status reported	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
				monthly to Council's Contributions Committee once the new contribution plans are in force.		
4	Increase transparency of information available to the public about LIC works planned and underway, including intended use of contributions collected under VPA's.	Accepted		December 2020	<p>Completed - Council's Operational Plan includes clear references to Contribution Plans and funding in Financial Summary, Capital Works funding source, income statements, plus a page on Developer Contributions with reference to Council's website for details on the contribution plans.</p> <p>Council officers have prepared a Central Coast Works in Kind Agreements Register and Central Coast Planning Agreements Register.</p>	Central Coast Council – Strategic Planning
5	Consolidate existing plans, ensuring the new contributions plans includes a regular review cycle.	Accepted	<ul style="list-style-type: none"> Complete review and consolidation of local infrastructure contribution plans 	December 2020	<p>Delayed – Council is undertaking a staged review of contribution plans:</p> <ul style="list-style-type: none"> The Central Coast Regional Section 7.12 Plan was adopted in April 2020; The Warnervale District Contribution Plan 2021 has completed public consultation and is being reported to Council 28 September 2021 for endorsement; and Council is working on the repeal of 35 former Gosford contribution plans, the repeal of plans is due to be reported to Council in October 2021. 	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
				The review of the remaining 17 contribution plans (7 South and 10 North) are being prioritised based on need and team resources with a comprehensive review unlikely to be completed until 2024/2025.		
6	Develop a formal charter for the developer contributions committee and increase the seniority of membership	Accepted		December 2020	<p>Completed – Terms of Reference have been completed for the Developer Contributions Committee and Working Group. The Developer Contributions Committee Terms of Reference includes the following:</p> <p><i>Membership of the committee must demonstrate at a minimum an appointed Executive from Environment and Planning, Finance, Roads, Water and Sewer, Innovation and Futures, Traffic, Drainage and Waste, and Connected Communities (or Directorate names as amended)</i></p>	Central Coast Council – Strategic Planning
7	Complete and adopt council's works-in-kind policy currently under development, ensuring it addresses probity risks during discussion negotiations with developers	Accepted		December 2020	<p>Completed – Council adopted a Works In Kind Policy and Guidelines for applications under <i>the Environmental Planning and Assessment Act 1979</i> and the <i>Water Management Act 2000</i> on the 28 June 2021.</p>	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
8	Mitigate risks associated with lack of independence in valuations of works-in-kind and dedication of land	Accepted		December 2020	<p>Completed – Council adopted a Works In Kind Policy and Guidelines for applications under <i>the Environmental Planning and Assessment Act 1979</i> and the <i>Water Management Act 2000</i> on the 28 June 2021.</p> <p>The Policy and Guidelines provide a process for the independent valuations for works in kind.</p>	Central Coast Council – Strategic Planning
9	Improve public reporting about the expenditure of cash collected under VPA's.	Accepted		December 2020	<p>Completed – A Central Coast Planning Agreements register has been prepared and a review of Planning Agreements undertaken to understand the status of the agreements and allow further reporting on the expenditure of cash collected un Planning Agreements.</p> <p>Council is updating our reporting and accounting requirements for infrastructure contributions to be consistent with the reporting changes introduced through the Environmental Planning and Assessment Act 1979 on 12 February 2021; which includes increased reporting on VPAs.</p> <p>By 1 July 2022 councils are required to publish the following information on their individual websites and on the NSW Planning Portal:</p>	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
				<ul style="list-style-type: none"> • Copies of all planning agreements (including amendments and variations to the agreements). • Copies of the explanatory notes relating to those agreements or amendments. • Planning agreement registers with additional information required in the amending Regulation. • Local contributions (s7.11 and s7.12) registers with additional information required in the amending Regulation. • Annual financial statements for planning agreements and local infrastructure contributions showing aggregate totals of money, land, and works/works-in-kind received (also referred to as 'material public benefit'). • Copies of all current contributions plans and current contribution rates under each plan. • Annual report information related to contributions expenditure, including a detailed breakdown of contributions expenditure by project. 	
10	Improve management oversight of credit arrangements with developers.	Accepted		December 2020 Completed – Council adopted a Works In Kind Agreements Policy and Guidelines (June 2021), which includes guidance on the assessment of credits.	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)	
				Credit arrangements are no longer accepted by Council unless they are within a WIKA or Planning Agreement.		
11	Implement security measures to ensure the integrity of key spreadsheets used to manage LIC's.	Accepted		December 2020	<p>Completed – The non cash contributions information contained in Council's property and rating system (Pathway) has been added to the audit module (April 2020). Any changes to non cash information will be written into the audit log and be available to report the details of the changes by date and user when required.</p> <p>Spreadsheets used for indexing for the former south contributions are password protected and only able to be updated by the Local Infrastructure and Planning Team.</p> <p>The need for spreadsheets and different processes for north and south will be removed once Council moves to one Property and Rating system, this is due to commence in October 2021.</p>	Central Coast Council – Strategic Planning
12	align policies and procedures relating to LIC's across the amalgamated council including developing policies and procedures	Accepted		December 2020	<p>Completed – Council adopted a Works In Kind Policy and Guidelines for applications under <i>the Environmental Planning and Assessment Act 1979</i> and the <i>Water Management Act 2000</i> on the 28 June 2021.</p>	Central Coast Council – Strategic Planning

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
for the management of s64 LICs.				Council is reviewing policies and procedures as Council's Property and Rating software is consolidated into one system, removing the need for north and south processes and policies. The consolidation of software is due to be completed in October 2021.	
13 Update council's VPA policy to address increased or indexed bank guarantees to accommodate cost increases	Accepted	<ul style="list-style-type: none"> Prepare a Central Coast Council Planning Agreements Policy 	December 2020	Delayed – Council has commenced the preparation of a Central Coast Planning Agreements Policy. The Policy is due to be in force by 30 June 2021.	Central Coast Council – Strategic Planning