

GREATER SHEPPARTON CITY COUNCIL

<i>Audit and Risk Management Committee Minutes</i> <i>Wednesday 11 September, 2019</i> <i>Hunter Room</i>
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Committee Members: Mr John Calleja, Ms Anne O'Connor, Mr David Kortum, Mr Goran Mitrevski, Cr Chris Hazelman

Officers: Kaye Thomson, Chris Teitzel, Sharlene Still, Matthew Jarvis, Natarlie Phillips, Peter Schnorrenberg, Michael Dwyer, Claire Barnes

Other Invitees: Phil Delahunty, Partner RSD Audit

OPEN: 3:55pm

Ms Still announced to the Committee that Ms Phillips would be leaving GSCC and this will be her last attendance at an ARMC meeting. The Committee thanked Ms. Phillips for her work.

1. APOLOGIES

Mayor Kim O'Keeffe, Mr Peter Harriott

2. DECLARATIONS OF CONFLICT OF INTEREST

None.

3. FINANCIAL REPORT & PERFORMANCE STATEMENT

Greater Shepparton City Council Financial and Performance Statements as at 30 June 2019

- Mr. Jarvis and Ms. Barnes walked through a power-point presentation to highlight key points in the financial statements. (M19/68917) The Committee and Council Officers discusses the allocation approach used in Note 2 disaggregated disclosure. They also highlighted that in Note 4.2 Materials and Services, the "contract payments" category has been removed and replaced by 4 other categories.
- Mr Jarvis advised that there were no post-balance date significant events.
- The ARMC walked through the financial statements and performance statements page by page. A non-exhaustive list of some observations and queries is listed below:
 - Discussed accounting treatment of the share in associates with the library;
 - Discussed the control environment that allowed purchase order to be goods receipted twice;
 - Rounding differences and grammatical errors;
 - Reconciliation of ageing of receivables to the statements;
 - Large WIP movement in note 6.2; and
 - Requested commentary against "Unrestricted cash" material variations in the Performance Statement to be reworded and the material variation threshold for Recurrent Grants to be reviewed.

4. VAGO CLOSING REPORT AND FINAL MANAGEMENT LETTER

4.1 VAGO Closing Report

- Mr. Delahunty presented the VAGO Closing report to the ARMC, focusing on page 6 and 7 which outline the areas of audit focus. He noted that there were no issues identified in these areas.

4.2 Final Management Letter

- Mr. Delahunty presented on the management letter for the year ended 30 June 2019. He noted that there would be two new additions to the findings relating to:
 - Performance statement, recommending an additional audit trail check; and
 - Infrastructure – there is an immaterial overstatement of this asset class due to some double-counting of gifted asset rates.
- Mr. Delahunty also noted that the Financial Statements and Performance Statements had been to VAGO.

5. ANNUAL REPORT

- The Committee requested an overview of the process for checking data in the annual report that did not form part of the financial statements. Mr. Teitzel explained that it was an iterative process that includes review by the Executive Leadership Team.
- The Committee agreed to provide written advice on a number of small grammatical errors noted for correction. To be provided to Ms. Phillips.
- Note that the Annual Report has been reviewed by the ARMC

6. ARMC ENDORSEMENT FOR CERTIFICATION OF DRAFT FINANCIAL STATEMENTS.

The Audit and Risk Management Committee recommended that, consistent with the changes discussed at this meeting:

1. The Council approve in principle the financial statements and performance statement for the financial year ended 30 June 2019, *(Moved by Mr. Mitrevski and seconded by Ms. O'Connor)*

and;

2. The Council authorise the Mayor, Kim O'Keefe, the Deputy Mayor, Shelley Sutton and the Chief Executive Officer, Peter Harriott, to certify the financial statements and to approve the performance statement in their final form after any changes, recommended or agreed to by the auditor, have been made. *(Moved by Ms. O'Connor and seconded by Mr. Mitrevski)*

7. ANY OTHER BUSINESS

Ms Thomson circulated GSCC's Reconciliation Action Plan document with the Committee members.

CLOSE: 5:15pm

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Committee Members: Mr John Calleja, Ms Anne O'Connor, Mr David Kortum, Mr Goran Mitrevski, Cr Seema Abdullah and Cr Chris Hazelman OAM

Officers: Peter Harriott, Chris Teitzel, Sharlene Still, Matthew Jarvis, Brian Doyle, Nick Maple, Jodie Sessions

Other Invitees: Mr Martin Thompson, Crowe

1. APOLOGIES

Mr Phil Delahunty – RSD Auditors, Karen Liversidge

2. DECLARATIONS OF CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF PREVIOUS MINUTES

3.1 Meeting Minutes for 19 June and 11 September 2019

19 June 2019 – Ms Anne O'Connor moved and Mr David Kortum seconded the motion to accept the minutes as an accurate record of the June meeting.

11 September 2019 – Mr Goran Mitrevski moved and Ms Anne O'Connor seconded the motion to accept the minutes as an accurate records of the September meeting.

ICO19/1090 Audit and Risk Management Report

4. ACTION REGISTER

4.1 Action Register

Ms Sessions provided a brief overview of the three items in the action register sheet and confirmed that action number 142 has now been addressed and actioned. Action numbers 145 and 146 have been closed out.

ICO19/1100 Audit and Risk Management Report

5. STANDING AGENDA ITEMS

5.1 OHS & WorkCover Report

Key areas presented by Management included:

- Establishing annual OH&S plan and matrix
- Implement OH&S induction through ELMO
- Establishment of facilities emergency management committees

Mr Doyle presented the quarterly OH&S and WorkCover report. The key area of concern was in relation to the Chain of Responsibility (CoR) compliance requirements for the Heavy Vehicle National Law. Mr Doyle explained that council had implemented better systems, introduced processes, equipment calibration, fatigue management and GPS trackers on vehicles.

ICO19/1203 Audit and Risk Management Report

5.2 Audit Report - Occupational Health & Safety

Mr Doyle presented the OH&S audit report identifying those listed below as key points:

- Working with Learning & Development to provide new training platform ELMO;
- Established new Facilities Emergency Committees for GSCC ensuring facilities are reviewed, updated and monitored as per the new OH&S structure; and
- Four new committees for each of the directorates established under new structure

ACTION:

Mr Doyle to provide quarterly progress report on three year OH&S implementation plan.

Provide the Committee with an update at each meeting advising of the outcomes of the Chain of Responsibility.

ICO19/1152 Audit and Risk Management Report

5.3 October ARMC Finance Report

The October Finance report was presented to the Committee. Key areas highlighted and discussed by the Committee included:

- Year-to-date income surplus as at end August – due to expenditure of materials and services;
- For ratepayers suffering financial hardship, the Council has been working with these ratepayers to offer payment arrangement flexibility. It was noted that Council are able to sell land as per s181 of the Local Government Act 1989 if payments have not been received; and
- Year-to-date capital works under budget by approx. 26% at end of August. Trending in right direction and sitting at 22% as of October. This is largely due to poor budget phasing rather than being behind in the project; and
- Restricted investments balance from 2018/19 is \$24 million.

Ms O'Connor queried whether the demolition works at the Vic Lake Caravan Park and design costs for the Shepparton Sports and Events Centre fell under capital works.

Mr Jarvis advised (post meeting) the demolition works at Victoria Park Lake have been classified as capital as the building demolished (manager's residence) was replaced with a temporary, demountable building for the short-term. With uncertainty over when a permanent replacement building is to be built the expenditure relating to demolition was considered operational.

Mr Jarvis also advised the Sports and Events Centre design costs were considered operational due to high level of uncertainty around the grant funding required for the project to proceed, also exceeding the normal tolerances for design costs being maintained within Capital Works In Progress.

Mr Calleja noted the Materials and Services forecast overrun of \$1.5m and questioned if processes are in place to receive the loss of \$1.5 million.

Mr Jarvis advised that this has been communicated to Executive and advised that once the forecast is adopted the clawback of the deficit will be considered..

ICO19/1145 Audit and Risk Management Report

5.4 Overdue Audit Action Owner Update - Manager Strategic Assets

Mr Maple provided a status update against each of his items that were overdue at the time of producing the report. Two of the overdue recommendations were completed prior to the ARMC meeting.

- GOV1609-00 FN01-01 – procedures are in draft for the inventory management of Stores, and processes are in place and being utilised on a daily basis. Processes in place, however, needs to be formalised into a procedure. Anticipated for completion end January 2020.
- GOV1609-00 FN07-03 – quarterly stocktakes are being undertaken. Each variance will be reported to ELT quarterly. Variances have significantly reduced in the last 12 months due to more stringent controls. Anticipated for completion end January 2020.
- GOV1911-00 FN01-01 – complete.
- GOV1911-00 FN05-01 – complete.

The Committee thanked Mr Maple for his presentation and impressed the importance of resolving these outstanding actions quickly.

ACTION:

Mr Maple to continue working through overdue actions, providing updates regularly and giving priority to the remainder overdue items.

ICO19/1212 Audit and Risk Management Report

5.5 Status of Overdue and Outstanding Audit Recommendations - 7 August to 7 October 2019

Ms Sessions provided an update on the report noting the following:

- Audit recommendations have reduced from the previous quarter.
- The high recommendations from the S86 Committees of Management compliance review are due for completion by end December 2019 with Risk & Assurance seeking regular updates by the Committees Liaison Officer.

ACTION:

Risk & Assurance to continue working with all Responsible Officers ensuring overdue items are actioned as soon as possible.

ICO19/1218 Audit and Risk Management Report

5.6 CEO's Report

Mr Harriott provided an overview of some of the key projects/issues that council are currently working on or confronted with. These included:

- Two major advocacy projects called Creating the New Face of Regional Australia and Creating the New Face of Regional Victoria. The Mayor and the CEO attended Canberra and met with ministers to discuss these projects. The documents will be used as a lobbying and supporting document for the works to be undertaken for the next six to 12 months.
- Shepparton Art Museum (SAM) – construction of third floor, with the first floor being poured. Project due for completion in December 2020. One of the main issues arising

out of this major project has been that the sub-contractor for concreting went into liquidation. Additional measures have been put in place. There is no expected financial impact and it will not affect the construction of the building.

- Concerns had been raised by a staff person that staff/people who were no longer working at Council were still receiving the full benefit of being an Aquamoves member. This had been investigated and no issues identified.
- A review had been also undertaken around gym access for Council staff regarding best practice guidelines i.e. who is entitled to receive a discount and the percentage offered. Prior to the Corporate Procedure being reviewed, general staff of Council received discounts of 50% for the use of Aquamoves, whilst those who were Aquamoves staff received the full 100% discount in line with the best practice guidelines. The Corporate Procedure was reviewed recently with the following amendments; existing staff to continue receiving 50% discount, new members will receive 40%, family memberships were disbanded with corporate discounts continuing to be offered to organisations such as: GV Health, GV Water, GM Water, etc. as per industry practice.
- The challenges Council had identified in order to make a difference with climate change include: the impacts of climate change with the local agricultural industry are not well understood and insurance impacts for Council requiring further assessment.

Ms O'Connor queried whether there was an FBT issue with the Aquamoves membership. It was noted that this will be considered as part of the upcoming FBT review.

ICO19/1125 Audit and Risk Management Report

5.7 CEO Expenses

CEO expenses are to be reported to Audit and Risk Management Committee as per the recommendations from the recent VAGO Fraud and Corruption audit.

Mr Teitzel presented the report to the Committee for reviewing and noting only.

The Committee noted the reported.

ICO19/1126 Audit and Risk Management Report

5.8 Gifts and Benefits Register 2018/2019

The Gifts and Benefits policy is communicated to the whole organisation through a number of methods advising of when to declare a gift or benefit. The declaration of gifts and benefits increases around prominent times of the year i.e. Easter, Christmas, etc.

The Committee asked Management whether they were comfortable that all gifts and benefits were being declared. It was noted that the policy was included as part of induction and was well understood by staff and staff are regularly declaring gifts or benefits.

Following review the Committee noted the report.

ICO19/1251 Audit and Risk Management Report

5.9 Legislative Compliance Report

The following items were noted in the report:

- 299 obligations compliant, one did not comply and six (6) not assessed;
- One obligation that did not comply is now compliant. This was transferred from Economic Development to Finance & Rates;
- Three of the six not assessed had a change through legislation; however have since been completed.
- All obligations are now compliant.

The Committee noted the report.

ICO19/1263 Audit and Risk Management Report

5.1 Unusual Logon Times Fraud Review

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Management presented the report noting that the no suspicious activity in relation to building entry had been identified. With respect to unusual ICT logon time. ICT reporting cannot differentiate between staff who failed to log-off as opposed to staff who had actively logged on.

The Committee questioned whether changes to the ICT infrastructure could be altered to be able to report unusual logon times. Management advised that this would require considerable investment and it was considered that risk posed and protection from existing controls did not necessitate the investment.

The Committee noted the report.

ICO19/1118 Audit and Risk Management Report

5.1 ARMC Risk & Claims Report

1

The following items reported on included:

- Two claims had been settled in the last quarter.
- Two break-ins occurred at the DRC. One of those cost approx. \$17k.
- After the second incident, Risk & Assurance recommended that CCTV cameras be installed to minimise any future incident from occurring.

ACTION:

Manager Strategic Assets to look into having CCTV cameras installed to prevent future occurrences.

ICO19/1040 Audit and Risk Management Report

5.1 High/Extreme Project Risk Reporting

2

Four of the major projects council are currently undertaking include:

- SAM construction;
- Balaclava/Verney/New Dookie Road upgrades;
- Maude Street Mall bus interchange; and
- Cosgrove 3

The Committee discussed that four reports noting that whilst these reports had been recently introduced, the project reporting was of significantly different standards and coverage.

Generally the reports did not adequately:

- Identify and assess risks across OHS, financial, political, economic, and environmental
- Consider risks against the risk matrix
- Articulate the controls that had been implemented and their effectiveness
- Set out new controls to manage risk and the timeframe for implementation

ACTION:

Director Infrastructure along with Manager Projects, Project Management Office and Risk and Assurance to work with Project Managers to ensure all risks are being considered, evaluated,

assessed and mitigations put in place with reports to be reissued at the next Committee meeting.

ICO19/1154 Audit and Risk Management Report

5.1 Strategic Risks and High/Extreme Operational Risks

3

Ms Sessions presented the high and extreme operational risks and the strategic risks to the Committee. The Committee discussed the reports noting a number of issues for consideration and rectification:

- Revised ratings and future ratings reduced from inherent rating however the documentation does not support the change.
- Existing control effectiveness is rated as poor but risk rating is reduced.
- Risks are not being updated on a timely basis or not documented as being updated.
- Insufficient documentation as to when new risk controls will be implemented.

ACTION:

Management to work with the Projects Team to review existing controls and ensure they are recorded accurately..

ICO19/1295 Audit and Risk Management Report

5.1 Publications of Interest Report

4

Mr Thompson presented the Publications of Interest report noting the following items as areas of interest:

- Links to cyber security attacks and social engineering. Cyber security attacks typically occur due to social engineering rather than technology failure.
- Warnambool City Council resigned after credit card usage review; and
- Modern Slavery Act for corporations earning over a certain threshold. Council may need to consider when procuring as some organisations will be affected by this.

ICO19/1241 Audit and Risk Management Report

6. NEW BUSINESS

6.1 Fringe Benefits Tax - Memorandum of Audit Planning

The Memorandum of Audit Planning was presented by Mr Thompson. Committee noted the scope for the upcoming works.

ICO19/850 Audit and Risk Management Report

6.2 Internal Audit Report - Privacy Act Compliance and Management

Mr Thompson presented the report stating that whilst overall it was a positive outcome for Council there were a number of medium and low risks identified that Management had agreed to remedy.

Challenges included the use of USB's and documents being able to be easily downloaded to

the device. The other challenge for council was the privacy data risk assessment.

The Committee queried whether the first finding should be rated as high rather than medium. Mr Thompson advised that he considered this rating specifically however on balance believed it to be medium.

The Committee noted the report

ACTION:

The target date on the first finding of the report (privacy risk assessment) is to be reviewed and brought forward with the Committee being notified.

ICO19/367 Audit and Risk Management Report

6.3 Internal Audit Report - Leases Review

Mr Thompson presented the report noting the following:

- Council is both a lessor and lessee with third parties;
- Concern regarding transparency and clarity;
- Number of improvements are required to ensure transparency;
- A number of problematic leases were identified i.e. unsigned leases, expiry dates, etc. pose risk to council;
- There was a lack of management reporting; and
- No central repository with a number of spread sheets being utilised to record information.

The Committee noted the report highlighting that although there were no high risk recommendations, the report had identified a large number of deficiencies and significant work was required on a timely basis.

ACTION:

Committee would like the Leases and Licences Policy finalised as a priority.

ICO19/882 Audit and Risk Management Report

6.4 Internal Audit Report - Follow-Up Review

Mr Thompson presented the findings of the follow-up review. One high rated recommendation remains outstanding.

ACTION:

Manager Works and Waste to provide assurance that the high risk for the levee banks is actioned urgently with an update to be given at the next meeting.

ICO19/1260 Audit and Risk Management Report

6.5 JMAPP Risk Maturity Appraisal Report - July 2019

The JMAPP Risk Maturity Appraisal report identified areas for improvement including:

- Risk management training at induction, more training on council's risk culture and implementing a property risk management procedure.
- At the time of this meeting, the risk management procedures i.e. Asset Management Plans and Policy were endorsed on 18 December 2019 whilst the Strategy was endorsed on 17 December 2019.

ACTION:

Risk & Assurance to research and implement online risk management training platform.

Risk & Assurance to conduct more risk training across the organisation.

ICO19/1036 Audit and Risk Management Report

7. ANY OTHER BUSINESS

Emergency Management Planning for summer activities.

The Committee were happy with the updates provided by Mr Gunn and thanked him for his contribution.

CLOSE: 5.45pm

GREATER SHEPPARTON CITY COUNCIL

<i>Audit and Risk Management Committee Minutes</i> <i>Wednesday 5 February, 2020</i> <i>Hunter Room</i>
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Committee Members: Mr John Calleja, Ms Anne O'Connor, Mr David Kortum, Mr Goran Mitrevski, Cr Seema Abdullah, Cr Chris Hazelman OAM

Officers: Chris Teitzel, Rebecca Good, Matthew Jarvis, Karen Liversidge, Martin Thompson, Crowe and Nathan Barber, RSD Audit

1. APOLOGIES

Peter Harriott, Jodie Sessions, Brian Doyle

2. DECLARATIONS OF CONFLICT OF INTEREST

Nil

Mr Calleja noted he is a Director of Goulburn Murray Credit Union (GMCU) GMCU is mentioned in the financials, however, the matter does not constitute a conflict of interest.

3. CONFIRMATION OF PREVIOUS MINUTES

3.1 ARMC meeting minutes - 13 November 2019

The Committee reviewed the minutes and requested further detail to be included in relation to the CEO's report, risk reports and internal audit reports.

It was agreed that the minutes would be held over, updated and re-presented at the 6 May 2020 meeting.

ICO20/85 Audit and Risk Management Report
M19/104391 ARMC Minutes - 13 November 2019

4. ACTION REGISTER

4.1 Action Register

The Action Register was presented noting actions outstanding, undertaken and closed. Management advised that the Risk and Assurance team would provide additional support to close outstanding issues.

The Committee noted the report.

ICO20/71 Audit and Risk Management Report
M19/108285 Action Register

5. STANDING AGENDA ITEMS

5.1 CEO's Report

- DP Jones Aged Care Facility is in liquidation. Councils involvement is limited as it is a private entity. The Community House is attached to this facility, however, the

liquidation was unlikely to have an impact on Council operations.

- Bushfires – Towong Shire Council has been significantly impacted by bushfires due to its small size and limited resources. Council has supported the shire through provision of staff providing emergency response. Support is ongoing.
- Class action against JLT (councils insurance broker). Council has joined seven other councils in a class action regarding suspected kickbacks being received from certain insurers. Legal representation is on a no win / no cost basis and the deadline for document recovery is June 2020.

The Committee asked the remaining duration of the agreement with JLT and whether there had been any impact on relationship and performance. Mr Teitzel noted that there was two years remaining on JLT contract and the relationship had not been impacted. Mr Calleja queried the likely quantum if successful, however, Management advised it was unknown at this stage.

The Committee queried whether the concrete defect work on SAM has been remedied and whether there were any impacts of the previous concreter going into liquidation. Management noted that the defect work had been remedied without impact on the project and as the concrete work had largely been completed at the time of the liquidation, there was no impact from the liquidation process.

ICO19/1439 Audit and Risk Management Report

5.2 OHS and WorkCover Report

Karen Liversidge presented the OHS report noting no new claims since the last report to the Committee. Currently there are three open claims, and one likely to return to work prior to March 2020.

Ms Liversidge noted that WorkCover costs are expected to decrease from \$885k to \$500k. Council has until March 2020 to potentially reduce this even further. This reflects a very positive result due to a reduction in WorkCover claims.

The Committee commended the OHS team and organisation more broadly for the reduction in claims and management of existing claims,

Chain of Responsibility (CoR) (Heavy Vehicle Transportation) – Council has appointed a consultant to assist Council develop a comprehensive plan to meet its obligations. Manager Strategic Assets has been appointed as the liaison with the consultant.

Ms O'Connor queried Councils use of glyphosate-based herbicide (Roundup) and whether Council plans to eliminate it from the workplace. Ms Liversidge advised that this is currently being investigated, however, noted that:

- PPE and safe working practices are strictly enforced with particular emphasis being placed on equipment checks to ensure no leaks.
- There have been no other products identified to be as effective.
- The product is still deemed safe by Australia regulators if used in accordance with instructions.

Following discussion it was agreed that chemical hazards / PPE measures would be added to the operational risk register and include the control of monitoring what is happening overseas and identify improvement options.

ICO20/1 Audit and Risk Management Report
m20/214 OHS WorkCover ARMC Report February 2020

ACTION:

Manager Strategic Assets to provide update on roll out of plan at next meeting (6 May 2020).

ACTION:

Ms Liversidge to follow-up via email. If report available, Ms Liversidge will circulate to ARMC

members, otherwise ARMC will be satisfied with verbal response from Council.
Chemical hazards / PPE measures to be added to the operational risk register.

5.3 February ARMC Finance Report

Mr Jarvis noted that the November financial report was included in the papers as it was the last report presented to Council, as December had been the last meeting of Councillors. Following discussion, it was agreed that the Committee would be given access to monthly financial reports to all the Committee to have access to the most recent financial reporting. Mr Jarvis noted the following:

- The Full Year accounting surplus is forecast to be \$2m less than adopted budget due to higher materials and services expenditure partially offset by higher grants.
- Expectations are that the materials and services expenditure will be able to be reduced to offset some of the current forecasted overspend.
- Outstanding rates debtor is tracking well, sundry debtors are within tolerances reflecting improved debtor management practices.
- YTD capital works trending behind due to some large projects i.e. SAM, Verney Rd, Princess Park irrigation. This has resulted in a high investment balance.

Cr Hazelman queried whether the adjustment to instalments / lump sum had impacted adversely on ratepayers. Mr Jarvis advised that there has been a limited impact to Council with majority of ratepayers adjusting well – debtor balances were tracking similar to previous years.

Ms O'Connor queried the \$4M shift from capital to operating budget as this issue had been identified in the prior year. Mr Jarvis advised that there had been ongoing debate as to the accounting treatment however Council had now made the decision to treat this expenditure as operating as Council don't own asset.

Mr Calleja requested whether the Councils policy needs to be reviewed as a result of the change. Mr Jarvis confirmed that the review of the policy is underway.

Mr Calleja noted the 2019-20 Audit Strategy was issued prior to the meeting. It was agreed that the report would be presented and substantive issues, if any, would be dealt with between meetings.

Mr Barber discussed the plan noting:

- The Plan was consistent with the prior year with no substantive change in risk profile and materiality.
- Change in Accounting Standards: Council work is progressing on revenue standards particularly around government grants and other type of contributions. Materiality of impacts will be dependent on status of grants and contributions at year end.
- Work is also progressing on the lease standard however impacts are not expected to be material.
- Performance Statements – controls around data integrity will be audited in more detail in 2020 as this reporting has become more mature.
- Council is undertaking valuation of property, plant and equipment. Council has made a commitment to revalue and perform sanity checks.
- The accounting treatment for the Cosgrove landfill is well understood and the last cell should be complete by 30 June 2020.

The Committee discussed that there were no significant changes in the risk profile in the Audit Strategy and recommended the Audit Strategy be presented to Council.

ACTION:

Mr Jarvis to email the links of the monthly financial reports to ARMC members, noting the period between the next meeting.

ACTION:

Proposed ARMC meeting for 9 September be moved forward due to finance requirements and caretaker mode.

ICO19/1496 Audit and Risk Management Report
M19/106680 Finance Report - February ARMC

5.4 ARMC Risk & Claims Report

Ms Good presented the Risk and Claims report highlighting:

- The financial impact of vandalism and the approach to minimise ongoing vandalism costs. Mr Teitzel advised that keys at the DRC have been changed and CCTV is now installed and operational. There have been no further break-ins since the changes.
- That the Councils insurer had advised that the insurance market generally had been impacted by natural disasters globally and to expect a 20% increase. The Committee noted that this experience was consistent with other industries.
- That the new public toilets are being used as a shelter for the homeless and managing this complex issue was being considered.
- The status of the individual claims outlined on page 39 of the papers.

Ms O'Connor queried whether the first three claims listed on page 39 had previously been provided. Ms Sessions to review and provide update at 6 May meeting.

The Committee noted that the Aquamoves Membership compliance review was listed as not being complete however it was understood to be complete. Mr Teitzel advised this due to the internal review not being finalised. The Committee also queried the status of the FBT on memberships for Council staff. Mr Thompson from Crowe confirmed that there were no FBT issues.

ACTION:

Ms Sessions to provide update on the Aquamoves Membership compliance review.

ACTION:

Ms Sessions to provide update on current claims at 6 May meeting.

ICO19/1487 Audit and Risk Management Report
M20/6496 Quarterly Risk Management Report - 1st & 2nd Quarters 2019 2020

5.5 Strategic Risks and High/Extreme Operational Risks

Ms Good presented the strategic risk report noting changes from the previous report.

The Committee raised concerns regarding two new extreme risks associated with Animal Management facilities and equipment given the extreme nature of the risks and lack of specificity around the mitigation of these risks. Mr Teitzel advised that those ratings were under review and had not been approved and on initial investigation were not considered extreme. Options are currently being investigated, and timing will be reviewed.

The Committee noted the report highlighting the improvements identified at the previous meeting and discussed as part of the review of the November minutes required action for the next Committee meeting.

ACTION:

Mr Calleja requested the Animal Management risks be reviewed for the 6 May meeting, noting risk mitigation and timeframes must be reflective of the approved risk.

ACTION:

ARMC queried the category applied being Legal and Compliance, noting it could also be OH&S. Ms Sessions to provide feedback at 6 May meeting.

ICO19/1502 Audit and Risk Management Report
M20/5840 Strategic Risk Executive Report.

M20/5838 Extreme Operational Risk Executive Report.
 M20/5839 High Operational Risk Executive Report.

5.6 High/Extreme Project Risk Reporting

The Committee noted the report highlighting the improvement identified at the previous meeting and discussed in this meeting as part of the review of the November minutes required action for the next Committee meeting.

The Committee recommended to Management that a Project Manager be invited to subsequent meeting to discuss the risk management associated with their project.

ICO19/1505 Audit and Risk Management Report
 M19/108768 Project 2463 SAM Construction - Individual Project Risk Report - 1 January 2019 to 23 December 2019
 M19/108765 Project 2382 Verney Balaclava New Dookie Rd Upgrade - Individual Project Risk Report - 1 January 2019 to 23 December 2019
 M19/108576 Project 2446 Maude Street - Individual Project Risk Report - 1 January 2019 to 23 December 2019
 M19/108570 Project 1333 Cosgrove - Individual Project Risk Report - 1 January 2019 to 23 December 2019)

5.7 Status of Overdue and Outstanding Audit Recommendations - 26 November to 22 January 2020

The Committee noted the report highlighting the slight increase in overdue items. The Committee requested that the report be updated by all recommendation owners including revised timeframes for overdue items.

ICO20/46 Audit and Risk Management Report
 M20/6013 Overdue and Outstanding Audit Recommendation Report - 26 November 2019 to 22 January 2020
 M20/6463 Status of Outstanding Audit Recommendations - Graph - as at 22 January 2020

5.8 Internal Audit Report - Building and Planning

Mr Thompson presented the report noting overall the Council had an appropriate framework in place to manage this function and highlighted positive elements including that the online application process for Building and Planning is very user friendly. Mr Thompson discussed weaknesses in:

- The Conflict of Interest process being informal. The Committee discussed the significant reputation risk associated with this control weakness and emphasised the importance of rectifying this issue as soon as possible.
- The need for queries and complaints to be managed in the Councils CRM (Customer Service Request) system.
- The deterioration of meeting of statutory timeframes including the impact of staff vacancies in this area.

Cr Abdullah noted the strategic risk relating to skilled staff attraction and retention is currently rated low and whether this was appropriately recorded. Mr Teitzel advised that this rating was appropriate as across the business there are only a small number of positions which are difficult to recruit.

With respect to Planning, Mr Teitzel advised that the Municipal Building Surveyor (MBS) has now been filled with ongoing challenges due to skill shortages, noting qualified planners are also difficult to recruit. Mr Calleja queried whether Council is up skilling internally to which Mr Teitzel confirmed that Council do the e.g. where training qualifications are accessible.

Cr Abdullah left the meeting at 5.45pm

ACTION:

Ms Good to speak with Manager building and Planning to have the recommendation relating to Conflict of Interest reduced from 30 June 2020.

ICO20/26 Audit and Risk Management Report
2020/2562 Internal Audit - Building and Planning - Final Report - Issued 15 January 2020

5.9 Publications of Interest Report

Presented by Mr Martin Thompson of Crowe and focussing on some of the key areas that could affect local government include:

- JLT public sector report – ensuring risk registers and mitigating actions are monitored and updated regularly to reflect councils changing environments
- Institute of Internal Auditors OnRisk 2020 report – continually monitor risks and ensure council conducts a review of risk management knowledge i.e. training
- Victorian government – new pool safety regulations – council to develop new policies and procedures for implementation of new regulations; and
- Clayton Utz – Victorian industrial manslaughter – council to ensure it embeds a strong safety culture

ACTION:

Link to the draft Bill to be circulated to the ARMC members.

ICO20/53 Audit and Risk Management Report
2020/4322 Publications of Interest - October to December 2019

6. NEW BUSINESS

6.1 Emergency Management - Memorandum of Audit Planning

Mr Martin Thompson presented the scope of works for the Emergency Management audit. The Committee reviewed the scope and requested that the following be included in the scope:

- The effectiveness of engagement with local emergency services be incorporated in the scope.
- Critical infrastructure such as Telstra tower in these reviews, in addition to the BCP process.

ICO19/851 Audit and Risk Management Report
M19/60022 Internal Audit - Emergency Management - Memorandum of Audit Planning - Draft

ACTION:

The internal audit scope be amended to incorporate the additional elements.

6.2 Public Participation & Community Engagement - Memorandum of Audit Planning

Mr Martin Thompson presented the proposed audit plan to ARMC members looking at how Council engage with the community to ensure its genuine and meaningful.

Mr Calleja queried whether the Councils culture around genuine engagement would be measured. Mr Martin Thompson confirmed that culture has a significant impact and is often the root cause of community engagement issues and would be considered as part of the audit..

ICO19/852 Audit and Risk Management Report
2019/42691 Internal Audit - Public Participation and Community Engagement -
Memorandum of Audit Planning - Draft

6.3 Business Continuity Plan Exercise - November 2019

Mr Chris Teitzel presented the key findings and recommendations of the annual BCP exercise both from an internal perspective and that of the consultant.

Jardine Lloyd Thompson (JLT) report that tested ICT capabilities.

The Committee discussed the report commending management on the improvement in the testing. Following questions from the Committee, Management noted:

- Work is ongoing to program critical data transfer from Welsford Street to Doyles Rd Complex (DRC) and back again.
- That different scenarios are tested each year.
- Confirmed procedures are available for extended periods of disruption.
- That recommendations would be added to the Outstanding Audit Recommendations log.

The Committee noted the report.

ICO20/43 Audit and Risk Management Report
2019/73344 Business Continuity Plan (BCP) - Post-Exercise Report - November 2019

6.4 Council Insurance Premiums and Policy Schedule 2019/2020

Ms Good presented the 2019/2020 insurance premiums and policies advising to expect a 20% increase for 2020/2021 as per insurers advice, however, this could increase due to the recent bushfires, floods, drought, etc.

Mr Teitzel advised the Committee that an assessment on maximum loss on assets is currently being outsourced independently, as he believe Council are over-insured at present.

ICO20/51 Audit and Risk Management Report
M20/6783 Insurance Premiums and Policy Schedule Register 2019/2020

ACTION:

Ms Sessions to confirm at 6 May meeting.

6.5 Update on Risk Team Planner for 2019/2020

The updated Risk team planner was presented by Ms Good with the ARMC members acknowledging that staff vacancies within the team has caused some delays.

ICO20/41 Audit and Risk Management Report
M20/5711 Risk Team Planner for Year Ended 30 June 2020 - Update on Activities

6.6 ARMC Charter

The ARMC Charter was delayed for review until next meeting in anticipation of the Local Government Bill being passed. The 2019 version of the Charter was presented for signing by the Chair.

ICO20/65 Audit and Risk Management Report
M18/17320 2019 ARMC Charter

6.7 Proposed Dates for Audit and Risk Management Committee Meetings 2020/2021

The proposed dates for the 2020/2021 ARMC meetings were all confirmed as suitable except for the September meeting. It was recommended that this meeting be changed to 2

September 2020 to align with financial reporting requirements.

ACTION:

Management to update the meeting schedule and send revised meeting invitations to attendees.

ICO20/40 Audit and Risk Management Report

7. ANY OTHER BUSINESS

CLOSE: 6.15pm

GREATER SHEPPARTON CITY COUNCIL

<i>Audit and Risk Management Committee Minutes</i> <i>Wednesday 6 May, 2020</i> <i>Hunter Room</i>

Committee Members: Mr John Calleja, Ms Anne O'Connor, Mr David Kortum, Mr Goran Mitrevski, Cr Seema Abdullah and Cr Chris Hazelman OAM

Officers: Peter Harriott, Chris Teitzel, Rachael Frampton, Matthew Jarvis, Jodie Sessions, Brian Doyle, Martin Thompson, Phil Delahunty – RSD Audit, Kapil Kukreja – HLB Mann Judd, Mark Holloway – HLB Mann Judd

1. APOLOGIES

Nil

2. DECLARATIONS OF CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF PREVIOUS MINUTES

3.1 ARMC meeting minutes - 13 November 2019 and 5 February 2020

The Committee reviewed both minutes for 13 November 2019 and 5 February 2020.

13 November 2019 - Ms O'Connor confirmed the minutes for the November meeting and was seconded by Mr Kortum.

5 February 2020 – Mr Jarvis noted that the RSD audit strategy had not been included in the the minutes.

Upon circulation of inclusion of RSD audit strategy and confirmation of completed actions, Mr Goran Mitrevski will confirm and Ms Anne O'Connor will seconded the minutes as being true and correct.

ACTION:

Team Leader Risk & Assurance to include summary of RSD audit strategy in 5 February 2020 minutes and circulated via email to ARMC members.

ICO20/412 Audit and Risk Management Report
M20/31942 Audit and Risk Management Committee - Minutes - 13 November 2019 - FINAL
M20/31944 Audit and Risk Management Committee - Minutes 5 February 2020 - FINAL

4. ACTION REGISTER

4.1 Action Register

The Action Register was presented noting actions outstanding, open and closed. Management advised that the Risk and Assurance team would provide additional support to close outstanding issues.

The following closed actions required further confirmation due to the lack of assurance provided:

- 5.2 Update from Manager Strategic Assets on rollout of Chain of Responsibility plan;
- 5.2 Manager People & Development to provide update on use of and or replacement chemical for Glyphosate and for inclusion in the operational risk register;

- 5.5 VAGO audit strategy;
- 5.6 High/extreme project risk reporting - Team Leader Risk & Assurance to present at September meeting;
- 5.11 Review animal management risk ratings

The Committee noted the report.

5. STANDING AGENDA ITEMS

5.1 Confirmation of Minutes of Previous Meetings – November 2019 and February 2020

Refer to section 3 of the minutes.

5.2 OHS & WorkCover Report

Mr Brian Doyle present the OHS and WorkCover report noting no new claims since previous reports to the Committee.

Key notes included:

- WorkSafe site visits to Welsford Street office specific to COVID19 and adherence to social distancing rules;
- Strategies implemented by Council included: hand sanitisers, signage, social distancing posters, risk assessment, closed exits, shut down of people coming into building, including Customer Service and reduced contact between staff and members of the public;
- Inconsistent messaging from WorkSafe and State/Federal governments around social distancing;
- 60 to 70% of Council staff were offsite by the second visit from WorkSafe

Ms O'Connor queried the trigger for the visit. Mr Doyle noting that it could have been due to a disgruntled staff member and not being moved offsite quickly enough. Mr Doyle also noted that operational risks had to be considered e.g. computers, access levels, assets being taken offsite, working from home arrangements, etc.

- Notifiable incident at DRC – pressure kettle sustained a blockage (grommet) in the hose causing implosion. Nil injuries, however, very serious incident;
- Kettle has since been decommissioned from Council's fleet;
- WorkSafe received list of actions and SWMS from Council and is satisfied no further action is required by Council;

Mr Calleja queried how many kettles remained in the organisation. Mr Doyle replied one providing assurance to the Committee that Council is comfortable with the risks being managed effectively for the remaining kettle, including correct procedures, PPE, and working closely with WorkSafe to ensure actions from the incident are being implemented.

Note: Committee queried whether an update had been received from Manager Strategic Assets for the Chain of Responsibility plan.

ACTION:

Team Leader Risk & Assurance to follow-up with Manager Strategic Assets for update on implementation of Chain of Responsibility plan.

ICO20/348 Audit and Risk Management Report
M20/28350 OHS WorkCover ARMC Report March 2020

5.3 CEO's Report / Update on COVID-19 Impacts and Response

Mr Harriott reported on the impacts and responses to COVID-19 highlighting:

- COVID19 was announced on 15th March and declared a State of Emergency;
- ELT meeting daily until 11th May with direction from State/Federal guidelines. Each Council has its own risk appetite;
- BCP – meeting regularly, communication very good, acceptance of change, considerations for business as usual;
- Pandemic Working Group (PWG) meeting daily, headed up by Sally Rose, Manager Children’s & Youth Services;
- Fortnightly meetings with Municipal Emergency Management Plan Committee (MEMPC);
- Liaising closely with DHHS Melbourne;
- Council’s emergency response includes: providing food packages (Food Share). 37 agencies called weekly. Meals on Wheels (MoW) – responding to increase in meals. Staff who were stood down from Aquamoves are assisting with these responses;
- 1800 number delegated to Local Government for influx of calls and to respond to.
- GV Health – key agency for region, assisting with establishing screening clinics at Riverside and Bunnings, open until Sunday 10th May;
- Council had a responsive and smooth exit of Welsford St and DRC;
- IT’s response and support has been fantastic, organisation functioning very well;
- Opportunities for GSCC moving forward will be beneficial to organisation and staff;
- Biggest risks to Council include: health although all community members must remain vigilant, financial – implement financial risk into budget and what it means for EOY and going forward, provides certainty for organisation, income lost due to Aquamoves, Kidstown, childcare, etc. special circumstances funding – doesn’t apply to Local Government, applies to private childcare only;
- Council distributed relief packages of \$3k grants for online businesses in municipality;
- Big financial and social impact on community. GSCC is highly placed to deal with virus, including food resources
- GSCC has dealt with risks extremely well;
- Council has recently adopted Climate Emergency Strategy 2030
- Questions

Questions by Committee:

For those staff affected at Aquamoves, have they been able to be redeployed? Mr Harriott advised that many have taken up the opportunity to assist with MOW, FoodShare, Stop Go (retraining), and cleaning sites such as Riverlinks, Eastbank, Welsford Street offices, etc. Council has an opportunity to address casuals through a funding grant offered by the Government also.

Has there been any requests of information from Council in relation to COVID19 safe app e.g., weekly meetings, zoom meetings? The Council has recently asked staff to participate in the use of the app through internal videos, newsletters, etc.

Has there been any major disruption to council’s supplies? Mr Harriott advised that toilet paper and disinfectant were an issue very early on, however resolved itself. Steel and glass supplies for the construction of SAM are under control, cranes still operating. Slowing down on tenders and contracts and flagging any supply issue from COVID19. Increase in procurement tenders and contracts, case by case/goods or services to ensure best value.

How are worksites being managed i.e. big projects and managing staff? Mr Harriott advised the Committee that it was in Kane’s best interests to effectively manage the project and staff to show the Government that construction industry is good for economy and part of recovery. Staff have been separating lunch times and work crews, hand sanitising, sign in sign out processes have changed, etc. Additional measures were put in place on the Balaclava/Verney/Old Dookie Roads upgrade, processes in place for the outdoor staff ensuring social distancing rules applied.

Mr Delahunty queried Vision Super and what are they telling Council? Mr Teitzel advised that Council is receiving regular updates from Vision. Market is volatile however is still above 100%. Vision is watching closely and has learnt from GFC to balance portfolio ensuring

Council staff will not be impacted.

ICO20/345 Audit and Risk Management Report

5.4 CEO Expenses - 1 September 2019 to 31 March 2020

Mr Teitzel presented the report to the Committee.

Mr David Kortum queried whether a risk assessment was undertaken for overseas travel and what the approval process is? Mr Harriott advised that a risk assessment is undertaken and approved by Councillors.

Mr Calleja advised that the report be noted as being approved and provided in the covering notes in the report as being actioned.

The Committee noted the report.

ACTION:

Team Leader Risk & Assurance to include in the report as being approved and noted as being actioned in all future reports.

ICO20/344 Audit and Risk Management Report

M20/31168 CEO's Credit Card Transactions - 1 September 2019 to 31 March 2020

5.5 Legislative Compliance Report

Mr Chris Teitzel presented the report to the Committee noting the following:

- Council is 100% compliant;
- Responsible Officers receive reminders from RelianSys as they are approaching due date;
- Point to note – not every piece of legislation will be entered into system. Big pieces requiring reporting and legislative obligations incl. planning & environ. Act, transport legislation in future? Chain of Responsibility to be included also in future.

Mr Calleja noted that three (3) had not been assessed. Mr Teitzel advised that this was due to the 30 June 2020 deadlines and wasn't required to be assessed until this time. Ms Frampton advised that the three (3) currently not assessed all reside with Manager Finance & Rates.

Ms O'Connor queried the terms of a reminder and compliance. Is there oversight of just checking it off? Mr Teitzel explained there is no workflow to double check the checker and advised that this is an Improvement process to consider within the system.

Mr Mitrevski queried whether the program notified Council when legislation changes e.g. non-compliant. Ms Frampton advised that the system, RelianSys is automatically updated through lawyers and system and is assigned to relevant officers. Mr Teitzel also advised that there is typically a lag until someone picks it up in the system and runs report.

ICO20/391 Audit and Risk Management Report

5.6 May ARMC Finance Report

Mr Jarvis presented the report to the Committee highlighting:

- As at end March – State of Emergency for COVID-19 announced 16 March. Financial impact of COVID-19 for 2019/2020 financial year quantified at net cost of \$2.17m;
- YTD – identified savings in February within Materials and Services in preparation for 2020/2021 budget, prior to COVID-19 emergency;
- Capital works – forecast reduced by \$3m (mainly due to re-budgets that are now in the draft budget 2020/2021);
- 2020/2021 Draft Budget – based on assumption current COVID-19 restrictions continuing through to 30 September 2020. Utilised estimates from March Quarter

Forecast and have quantified impact on 2020/2021 Draft Budget at a net cost of \$2.22m (when combined with 2019/2020 impact equates to roughly 20\$ liquidity).

- Draft Budget 2020/2021 does include proposed rate increase as per the rate cap (2%) and proposed borrowings of \$10m . Cannot utilise borrowings if not in adopted budget. Additional grants for projects would help protect liquidity;
- Sundry and rates debtors in good position;
- Sent out 4th quarter rates notices – how many on payment plans? Ratepayers taking opportunity of payment plans (increase from around 373 in January 2020 to high 400's in mid-April 2020);
- \$1.5m response package;
- Council lost \$4.5m from user fees;

Mr Mitrevski queried the update on the \$4.1m in 60+ debtors relating to the SAM project. Mr Jarvis advised that the funds are expected this week (GSCC has been in regular contact with the Federal Government).

Mr Calleja queried the Capital Expenditure suggesting the YTD is looking low and queried whether forecast is achievable? Mr Jarvis advised that the Monthly report end April – forecast down to just under \$70mil, actual YTD just over \$52m. Council need to spend \$9mil/month. New SAM project carrying a lot of this. Significant expend on roads. Continually being monitored.

Mr Calleja queried the rate increase of 2% - how is reputation risk going to be managed? Mr Jarvis advised that Council is being quite transparent with all media releases, median residential 2% equates to \$30 for that individual ratepayer however total revenue of \$1.4mil to Council. Pushback will occur, including Farmers' Federation, as main source of income;

Ms O'Connor queried Council's plant and equipment asking if there was an issue in relation to the \$4.5 mil? Mr Jarvis advised that Council limited the amount of change for budget, typically due to equipment not coming in on time. Council is looking at introducing 10 year plan to reduce this from occurring.

ICO20/356 Audit and Risk Management Report
M20/30941 May 2020 ARMC Finance Report

5.7 Shell Financial Statements 2019-20 (Local Government Model Accounts 2019-20)

Mr Jarvis presented the report to the Committee highlighting:

- The Finance team will continue to work on formatting, advising that the reports are difficult to format;
- New Accounting Standard for leases. Council confident they will be able to adjust to new changes. Preparation in progress;
- June meeting – new format implemented;

Mr Calleja queried whether there would be comparative balances as well as prior year balances for leases and additional Line items. Mr Jarvis advised that Council will disclose of lease and the draft April accounts will show impact.

ICO20/357 Audit and Risk Management Report
M20/32021 GSCC Shell Financial Statements 2019/2020

5.8 2019/2020 End of Financial Year - Asset Valuation Review

Mr Jarvis presented the report to the Committee emphasising:

- Note: formal evaluations occurring every 3 years;
- Final management letter from last year – committed to formal revaluations for roads, footpaths, drainage, etc. conducted by Team Leader Strategic Assets;
- Other assets – informal review also undertaken by Team Leader Strategic Assets;
- No change for remaining asset types. No other impairments;
- Net increase of \$40m in asset value for roads, drains, footpaths, etc. with depreciation

- expected to increase;
- Governance process tabled at ELT and approved reports;
- RSD – draft interim management letter, 2nd visit due in couple of weeks, RSD to work through and update information provided.

Mr Calleja queried if no issues hadn't been completed due to COVID-19. Mr Delahunty advised that there has been no issue, smooth transition, ensuring information uploaded into portal with client coordination. Only downside is all information from all clients is coming through at same time requiring juggling from RSD Audit.

Mr Calleja also queried how the RSD Audit team is being managed. Mr Delahunt advised that there have been no issues. Local Government Victoria (LGV) have pushed back timeframes however GSCC have transitioned really well and continue to meet original timeframes.

ICO20/375 Audit and Risk Management Report
 M20/30939 2019-2020 Asset Valuation Review Part 1
 M20/30940 2019-2020 Asset Valuation Review Part 2

5.9 ARMC Risk & Claims report

Ms Sessions presented the report to the Committee highlighting:

- Council received significant storm damage to two (2) of its assets costing approx. \$124k;
- Council has received the settlement funds of \$35k for the abovementioned claims;
- Nine (9) public liability claims were denied for the third quarter saving Council approx. \$35k
- There continues to be a number of motor vehicle incidents involving stationary objects with drivers not being aware of their surroundings and not considering the technology available in Council vehicles.
- Two (2) significant public liability claims were finalised.

Ms O'Connor queried whether Council was providing the full list of the significant public liability claims. Ms Sessions advised that all significant claims is being provided to the Committee.

The Committee noted the report.

ICO20/342 Audit and Risk Management Report
 M20/31565 Quarterly Risk Management Report - Third Quarter 2019 2020

5.1 Overdue Audit Action Owner Update - Team Leader Project Management Office

0

Ms Kelli Halden presented the report to the Committee highlighting:

- All four (4) overdue audit recommendations relate specifically to the project management framework;
- The framework is in draft and approx. 50% complete;
- Waiting for the implementation of Open Windows in order to finalise framework, however, the person employed to undertake this role has a high health risk and has not been able to commence due to COVID19.

The Committee raised their concerns with the slow progress on these items and also their concerns with time delays.

ACTION:

Project Manager to provide update on overdue items, in particular, Project Management Framework.

ICO20/359 Audit and Risk Management Report
 M20/29157 Overdue Audit Recommendations - Team Leader Project Management Office

5.1 Status of Overdue and Outstanding Audit Recommendations - 22 January to 7 April

1 2020

Ms Sessions presented the report to the Committee noting:

- 62 remain outstanding, seven (7) being high and relating to S86 Committees of Management review. Changes to the new LG Act 2020 have delayed the actioning of these high risks due to the changes affecting Committees of Council.
- 18 remain overdue;
- Risk & Assurance team meet regularly with Responsible Officers for updates;

The Committee has concerns of the high and medium risks and lack of addressing these un-actioned risks in a timely manner. The Committee queried whether there is an opportunity for these risks to be vetted prior to coming on the list.

ACTION:

Mr Teitzel to speak with Mr Harriott regarding un-actioned items and provide a plan to the Committee to arrange assurance that risks are being addressed appropriately.

ICO20/354 Audit and Risk Management Report

M20/29517 Overdue Audit Recommendations - 22 January to 7 April 2020

M20/28771 Status of Outstanding Audit Recommendations - Graph - April 2020

M20/28030 Outstanding Audit Recommendations Report - 22 January to 7 April 2020

5.1 Strategic and Operational Risk Registers**2**

Ms Sessions presented the report noting the following:

- Risk & Assurance met with ELT on 1 May to review and update strategic risks. Next review will occur February 2021;
- Animal Management risks remain as extreme. Management to reassess ratings and update as necessary. Mr Teitzel advised that there have been compliance issues with the Animal Shelter, however, some departments are using an audit to get an outcome for the areas. Looks significantly bad, not extreme. Starting point possibly high. Budget allocated for 20/21 to address. Draft Budget on public exhibition for community feedback and to be adopted June Council meeting.
- Mr Teitzel noted that the project risk report will be presented at 2 September ARMC meeting.

Ms O'Connor queried whether there was a lack of oversight with the ratings of audit recommendations. Mr Teitzel advised that this is the case.

Mr Calleja queried whether this could be resolved by June meeting. Mr Teitzel confirmed that COVID-19 got in the way of reviewing risk ratings.

ACTION:

Mr Teitzel to speak with Director Infrastructure and Manager Projects regarding the project management framework and the length of time to complete these overdue actions and to report back to Committee at June ARMC meeting.

ACTION:

Extreme risks to be reviewed and amended prior to June ARMC meeting.

ICO20/365 Audit and Risk Management Report

M20/29516 Extreme Operational Risk Executive Report 7 April 2020

M20/29514 High Operational Risk Executive Report 7 April 2020

5.1 Internal Audit Report - Emergency Management**3**

Mr Martin Thompson presented the report to the Committee noting that the overall results were a positive for Council, including the updated Pandemic Plan, and acknowledging how Council manages its responsibilities under the Municipal Emergency Management Plan (MEMP). Key areas included in the audit include:.

- Impacts on Council and community;

- MEMP sub-plans, in particular, flood;
- MEMP acknowledges the process for undertaking risk assessments for likely areas of concern, including; bushfire, flood, pandemic, heat wave, etc.
- Swine flu big focus in Local Government;

Mr Kortum queried whether Council had an interest in resourcing and fatigue management with COVID-19 and bushfires and whether Council had considered resourcing levels to other similar sized Councils. Mr Teitzel advised that dedicated staff from Council are allocated to the Pandemic Working Group (PWG) and Business Continuity (BC) team and those casual staff who were stood down due to the COVID-19 have been able to backfill some positions, including Meals on Wheels and FoodShare.

Mr Teitzel advised the Committee that the Pandemic Plan was updated when SARS occurred and has since been updated since the commencement of COVID-19.

Cr Hazelman advised that the Council has a distinguished, un-used site where Anthrax is buried.

Cr Seema left the meeting at 6.06pm.

ICO20/329 Audit and Risk Management Report
M20/27023 Internal Audit - Emergency Management - Report Final 27 March 2020

5.1 Internal Audit Report - Fringe Benefits Tax (FBT)

4

Mr Thompson presented the report to the Committee noting the health check of FBT processes included the identification of FBT liabilities and Council's capacity to reduce FBT. Overall the report was reasonably positive with a small number of recommendations on the lower end of the spectrum. Other items to note included:

- Historic practice for Aquamoves may have posed an issues, however, new practices don't foresee any new issues for FBT;
- In 2018/2019 there was a \$30k overpayment of FBT . Council has a three (3) period to have returns amended. Mr Thompson advised that 2017/2018 should be revised;
- FBT is a complex area but issues relating to compliance at lower end of spectrum for Council.

On a final note, Mr Martin Thompson thanked Chris and his team for the support acknowledging Crowe had a good experiences with Council along with some challenges. Mr Thompson also acknowledged the appreciation and gratitude of the Committee.

On behalf of the Committee Mr John Calleja thanked Mr Thompson and Crowe for their contribution.

ICO20/330 Audit and Risk Management Report
M20/27080 Internal Audit - Fringe Benefits Tax - Final Issued

6. NEW BUSINESS

6.1 DRAFT Strategic Internal Audit Plan - 2020 to 2022

Mr Mark Holloway and Mr Kapil Kukreja presented the draft strategic internal audit plan to the Committee. Mr Holloway is the internal audit partner and is in charge of the relationship with Council and Mr Kukreja is Senior Manager for HLB Mann Judd and will also be the main contact for Council. The following areas highlighted in the discussion.

- Mr Holloway thanked Council and the Committee for the opportunity for working with them to deliver the plan;
- Management workshopped ideas with HLB Mann Judd including previous review of audits;
- Council identified and provided high risks to internal auditors;
- 2020 reviews include: fraud & corruption (high profile issues, in particular, with IBAC), Local Government issues with VAGO having strong focus, fraud control over grants,

VPDSS – privacy and data security – focusing on 12 key standards, Service Planning and review – account for demographics of council as they change, rate capping – impacts to council and properly framed out for council. COVID-19 impacts to be included in audit, OHS – previously audited in 2014, high risks to Council including new industrial manslaughter charges as at July 2020;

- Additional audit to consider included:
BCP from a COVID19 perspective. Has Council's processes worked correctly?

What has HLB Mann Judd done with social distancing measures and how will the process work for GSCC? (Mr Mitrevski). Mr Holloway advised that reviews are being undertaken remotely with portal inside server. Clients upload to portal which is password secured. Meetings occurring via Zoom and Skype, etc. HLB Mann Judd conducting audits as business as usual;

Can HLB Mann Judd provide overview in plan regarding high/extreme risks to Council? Mr Mitrevski). Mr Holloway advised that they are using a risk-based approach.

The Committee queried whether legal and compliance, and risk culture had been considered. Should this be considered and the cause for this to occur?

Mr Calleja queried how risk culture is evaluated and reported back to Committee? How is risk factored into audits? Links into council objectives (plan). Key focus areas needs to fit and compliment link to council plan. Guidance and support to staff, reflection to staff, monitoring and reporting (up and down chain) and ownership, level of awareness (interviews/survey), what is their understanding?. Mr Holloway confirmed that HLB Mann Judd need to understand the values and behaviours of Council's risk culture, surveys conducted, review framework, maturity levels of Council, conduct risk assessments. Risk Culture audit to be conducted as emerging issue.

ACTION:

Include Risk Culture audit in plan as an 'Emerging Issue'.

ICO20/400 Audit and Risk Management Report

M20/32295 Strategic Internal Audit Plan 2020-2022 (2020 Focus) - Proposal for Consideration

7. ANY OTHER BUSINESS

Update on loss limit validation exercise to be provided to Committee members via email.

CLOSE: 6.32pm