

GREATER SHEPPARTON CITY COUNCIL

<i>Audit and Risk Management Committee Minutes</i> <i>Wednesday 17 June, 2020</i> <i>Goulburn Room / Zoom Meeting</i>
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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, Darryl Hancock, Matthew Jarvis, Claire Barnes, Jodie Sessions, Susan Walker (Minute Taker), Craig Exton, Phil Hoare, Kapil Kukreja – HLB Mann Judd, Phil Delahunty – RSD Audit, Mahesh Silva – RSD Audit,

1. APOLOGIES

Nil

2. DECLARATIONS OF CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF PREVIOUS MINUTES

3.1 ARMC Meeting Minutes - 5 February and 6 May 2020

Minutes from 5 February 2020 were confirmed as being true and correct. Moved: Ms Anne O'Connor, Seconded: Mr Goran Mitrevski.

Minutes from 6 May 2020 required minor amendments including the revision of comments made by Ms Anne O'Connor regarding plant and equipment. Ms O'Connor confirmed that her query related to the purchase of a grader for \$630k. Ms Sessions amended the comments in 6 May minutes.

Moved by Ms Anne O'Connor, seconded by Mr Goran Mitrevski.

ICO20/619 Audit and Risk Management Report
M20/31944 Audit and Risk Management Committee - Minutes 5 February 2020 - FINAL
M20/44503 FINAL Audit and Risk Management Committee - Minutes 6 May 2020

4. ACTION REGISTER

4.1 Action Register

Ms Sessions presented the report and noted the following:

- Seven (7) actions have been completed; three (3) remain outstanding;
- 5.10 – Mr Exton to provide update on Project Management framework later in meeting;
- 5.11 – Mr Harriott, Chief Executive Officer and Mr Teitzel, Director Corporate Services have raised the outstanding issues with the responsible Directors and Managers for follow up as a matter of urgency. Manager Projects, Mr Exton to address specifics later in the meetings. Action Owners are in discussion with ELT to ensure moving outstanding audit recommendations are updated and nearly completed.
- 5.12 – Project Management framework – Manager Projects Mr Exton will again present to the Committee and provide an update on this item.

ICO20/616	Audit and Risk Management Report
M20/50319	Actions Register Report - Items Actioned
M20/50328	Action Register List - Outstanding Items

5. STANDING AGENDA ITEMS

5.1 CEO's Report / Update on COVID-19 and other Items of Significance

Mr Harriott presented to the Committee noting the following key areas:

- GSCC's emergence from COVID-19 is based on a cautious recovery;
- Council's Pandemic Working Group and Business Continuity Team continue to provide guidance to ELT for managing the process for reopening facilities;
- 230 staff currently working from home and is expected to continue into the medium to long term;
- The creation of the budget by key staff working from home has been a massive undertaking, however, has been smooth. Budget was adopted on time despite COVID-19 pressures;
- Stage 2 recovery plan for COVID-19 was adopted by Council on 16 June including a \$2m package focusing on business support with \$5k grants forming part of the package, including supporting Grass Roots Sporting Clubs;
- GSCC has been successful in obtaining \$8m from the Victorian State Government for the Working for Victoria program allowing for a greater level of certainty around grants and service contingency packages for unexpected COVID-19 expenses;
- Rates will increase by 2% for the next financial year which will assist in funding large works programs being undertaken by Council including SAM and the Maude Street Mall redesign project;
- Drug and alcohol testing has commenced at Council;
- Retail and hospitality industries have been hit hardest due to COVID-19 noting that hardship provisions are in place.

Mr Kortum queried whether the 2% rate increase received any appeal by the community. Mr Jarvis advised that the Rates team had received 40 submissions however less than a handful referenced COVID-19 as a concern.

The Committee noted the report and expressed an appreciation for the CEO's report.

ICO20/536	Audit and Risk Management Report
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5.2 June ARMC Finance Report

Ms Claire Barnes, Senior Financial Analyst delivered the monthly financial report as at 30 April 2020 highlighting:

- YTD accounting surplus is \$2.36m or 6.5% less than the YTD adopted budget;
- Full year projected accounting surplus of \$21.51m is 15% less than the adopted budget, largely due to \$7.15m of capital grants and contributions relating to the new SAM that have been re-budgeted into 2020/2021;
- Sundry debtors are now within normal tolerances, with the \$4m outstanding as at 30 April having now been paid. Balances as at 31 May were 80% current;
- Rates payments are progressing well, with \$20m outstanding as at 30 April. Of 31,000 ratepayers, only 500 are on payment arrangements that are available under Council's Hardship Policy;
- YTD capital works expenditure is 25% under the YTD adopted budget, however 82% was completed as at 31 May and forecasts indicate the program will be delivered;
- Monitoring of the financial impact of COVID-19 is ongoing, however projections to date are trending as forecasted and are built into the 2020/2021 budget up until 30

September 2020.

Ms O'Connor queried the \$7.15m SAM grants and contributions re-budgeted into the 2020/2021 financial year. Ms Barnes explained that grant payments are milestone based and the re-budgeting being a timing issue. It was noted that materials that have been delivered on site can only be included in milestones once they have been installed. It was noted there was not a risk of non-receipt of the grant.

The Committee noted the report and thanked Ms Barnes for her contribution.

ICO20/531 Audit and Risk Management Report
M20/46692 June 2020 ARMC Finance Report

5.3 2019/2020 Draft Financial Statements as at 30 April 2020

Ms Barnes presented the report to the Committee advising that the new model accounts was used to highlight changes to the report and areas of focus including:

- A number of new notes are included to address AASB 16 Leases;
- Opening lease liability balance will be \$1.3m, however the Finance Team are confident in their calculations as they were prepared following the Local Government Victoria guidance material and were subject to a review by the internal auditors;
- All review of grant agreements have been undertaken to ensure compliance with AASB 15 Revenue from Contracts and AASB 1058 Income for Not-for-Profit entities. No grants with performance obligations have been identified, however it is thought that the Working for Victoria funding will fall under the new requirements;
- Employee provision have yet to be calculated, though Finance are working with Payroll to improve the process for doing so;
- Discount rate has changed from 1.32% to 0.89% and will affect these calculations;
- Rehabilitation provision for Cosgrove 3 will be booked prior to 30 June with the corresponding airspace intangible asset as per the Local Government Victoria guidance material. The balance of Cosgrove 2 as at 30 June 2019 was \$7.2m which gives an indication of where the Cosgrove 3 provision may commence.

Mr Calleja queried whether there was any change to the defined benefits scheme given the current environment. Mr Jarvis explained that regular correspondence is received from Vision Super and that the fund is currently sitting at 105%. A call would not be triggered until the fund hits 97%.

Mr Calleja gave recognition of all the hard work undertaken by the Finance and Rates team.

The Committee noted the report and thanked Ms Barnes and Mr Jarvis for their presentation.

ICO20/568 Audit and Risk Management Report
M20/48361 Draft Financial Statements as at 30 April 2020 - ARMC 17 June 2020

5.4 Interim Management Letter 2020

Mr Phil Delahunty from RSD Audit presented the report noting his findings from the March visit and noting that Mr Mahesh Silva, Manager RSD Audit commenced the review on the second visit. Mr Delahunty noted that one finding was relating to Payroll Policies and Procedures and that carry over items from prior years are in progress or have been completed and expected that the Year End visit will see some, if not all, of the outstanding items completed. Mr Delahunty noted that there would be significant work on auditing the treatment of the new accounting standards however based on the work completed by the Finance Team to date there was unlikely to be material changes to the financial statements.

Mr Delahunty noted that COVID-19 will impact on the financial statements including financial performance and asset and liability measures and will be reviewed as part of the year end audit. The Auditor General Department extension of a month for the lodgement has been announced. RSD and VAGO's intent is to complete the statements based on the original

timeframes but the reports might still be delayed.

Mr Mitrevski asked if the implementation dates will still be met. Mr Jarvis advised that he is confident the dates will be met.

Ms O'Connor enquired about Payroll Policies and Procedures. Mr Teitzel informed the Committee that there is a governance database that provides Managers with reminders on policy review due dates.

Ms O'Connor further queried the authorisations for bank transactions. Mr Jarvis advised the Committee that there had been a recent team restructure. The Team Leader is now the back up for authorisations.

Mr Calleja asked Mr Delahunty if he was comfortable with work to date. Mr Delahunty responded in the affirmative. He noted that some Grants will not be fully realised at 30/06/2020, however he did not anticipate any changes and that he was happy with what he found. Mr Jarvis noted that while they were currently finalising the accounts he was comfortable with progress to date.

The Committee noted the report and thanked the Finance team for their contribution.

Partner RSD Audit, Manager RSD Audit, Manager Finance & Rates and Senior Financial Analyst left the meeting.

ICO20/530 Audit and Risk Management Report
2020/11985 Interim Management Letter 2020

5.5 Recent Reports and Publications May 2020

Mr Kapil Kukreja from HLB Mann Judd tabled this report and recommended to be taken as read. Mr Mitrevski noted that this was a comprehensive report.

The Committee accepted the report as read.

ICO20/539 Audit and Risk Management Report
M20/45472 Recent Reports and Publications - Local Government - May 2020

5.6 Status of Overdue and Outstanding Audit Recommendations as at 9 June 2020

Ms Sessions presented the reports noting the following as at 9 June 2020.

- There are 65 current outstanding recommendations with ten (10) remaining overdue;
- Responsible Officers are currently working on their overdue/outstanding audit recommendations;
- An additional three (3) recommendations have been completed since 9 June 2020;
- Approx. 22 will become overdue as at 30 June 2020. Risk & Assurance have commenced sending out deadline extension request forms to those responsible officers who have audits falling due 30 June 2020;
- Risk & Assurance are working closely with responsible officers to reduce overdue and outstanding audit items;

Overdue Actions – Project Management Framework - Mr Exton, Manager Projects and Mr Hoare, Director Infrastructure presented their updates on the overdue items for the Project Management framework. These included:

- The Project Management Framework will be formatted into a procedure and guidelines;
- Framework is currently being reviewed by senior management and will go to ELT for endorsement. Expected report date to ELT is mid-July 2020;
- Training in CAMMS – staff are currently being trained and a guide established ensuring a centralised system is being used by all staff. This includes monthly and quarterly

traffic light meetings. Projects team are now recording 'lessons learnt' in CAMMS and actively working towards improvements;

Cr Abdullah queried where GSCC fit with the upgraded project management framework. Mr Exton confirmed that there is a continuous improvement across the organisation, however, in the past there was no centralised recording point that was being utilised. Cr Abdullah requested that the project department fast track this work.

Ms Sessions enquired whether the procedure and framework would be communicated to the whole organisation. Mr Hoare confirmed that the corporate procedure be available. Mr Hoare also noted that the department's strength is all about 'doing'. The project department has taken on a high level of maturity and appointment of specialised staff that will assist in further improvements.

Mr Calleja queried the difference in approach and content of the reporting and further queried if training occurred for existing staff to assist with continuous improvement. Mr Exton informed the Committee that the Projects team were working with Risk & Assurance on a prompts list. Mr Exton further advised that ongoing training of existing Project Managers has occurred to assist in reporting consistency within the last year. Mr Exton specifically mentioned a 3-day training course in Contract Management.

Mr Kortum queried the governance of procurement process on the strategic major development ensuring suppliers would not bump up the pricing just because it's Council. Mr Hoare and Mr Exton acknowledged that the procurement process has proven to be a strong governance process. They also acknowledged that a Project Board, Project Sponsors and Project Managers have been introduced to allow for better reporting of all projects and risks.

Mr Mitrevski queried whether post project reviews were being undertaken and the impacts of more major projects would develop this issue. Mr Exton acknowledged that this is in progress and agreed with Mr Mitrevski's observation.

Cr Abdullah queried the reporting structure and whether subsequent reports will be delivered to Councillors. Mr Exton advised the project reporting will be presented.

Mr Calleja expressed his concern over the delay in resolving these overdue audit items. Mr Hoare confirmed that the procedure and guidelines will be completed by mid-July.

Mr Calleja thanked Mr Exton and Mr Hoare for their attendance and for updating the Committee on the overdue items.

The Committee noted the report.

ICO20/544	Audit and Risk Management Report
M20/49791	Outstanding Audit Recommendations Report as at 9 June 2020
M20/49789	Overdue Audit Recommendations as at 9 June 2020
M20/49793	Status of Outstanding Audit Recommendations - Graph - June 2020

6. NEW BUSINESS

6.1 Fraud Risk Report - as at 25 May 2020

Ms Sessions presented the fraud risk report to the Committee noting the following:

- Fraud risks are reviewed annually;
- Currently have 26 risks which are rated low to medium;
- 13 risks have been completed;
- No reported cases of fraud or corruption identified;
- Next review date for fraud risks is 31 March 2021.

Mr Mitrevski queried the inconsistency in the report.

Mr Calleja queried how new fraud risks are identified. Ms Sessions confirmed that all fraud

risks are reviewed annually by meeting with responsible officers and seeking input on their areas. It is a similar process for undertaking strategic and operational risk reviews. Reports from VAGO, including triggers from the operational risk register instigate a review. Mr Harriott advised that fraud risks remain a focus on the whole organisation.

Cr Abdullah queried if ELT are aware of the triggers for a fraud risk review. Mr Harriott informed the Committee that there is a proactive audit plan and issue responses being the primary triggers. Mr Teitzel also advised that internal controls such as governance, ICT, Corporate Services, internal audit systems and external audits are all triggers. IBAC and Ombudsman reports are also reviewed.

The Committee noted the presentation by Ms Sessions.

ACTION:

Ms Sessions to review the inconsistency of information in the report and provide feedback to Committee at 28 October 2020 meeting.

ICO20/548 Audit and Risk Management Report

M20/46109 Fraud Risk executive report - May 2020

6.2 Update on Risk & Assurance Annual Planner for 2019/2020 as at 22 May 2020

The report was presented to the Committee by Ms Sessions noting the following:

- Of the 11 tasks, six (6) have been completed with four (4) in progress and one not started;
- Key tasks not completed in 2019/2020 will be rolled into 2020/2021 to complete;
- Fraud analytic reviews will remain a key focus in 2020/2021 including the reviews of Ghost Employees and Excessive Overtime Payments.

Mr Calleja queried if Ms Sessions had a full team to which Ms Sessions replied 'yes', however, COVID-19 has impacted training of the new staff member who commenced two weeks prior to lockdown of COVID-19.

The Committee noted the report and confirmed that they are happy for the incomplete tasks to be rolled into 2020/2021.

ICO20/537 Audit and Risk Management Report

M20/45381 Risk & Assurance Annual Planner for Year Ended 30 June 2020 - Update on Activities at 22 May 2020

6.3 ARMC Annual Self-Assessment Survey

Mr Calleja led the discussion relating to the annual Audit & Risk Management Committee's self-assessment survey noted that the results were reasonable from five (5) respondents.

Ms O'Connor queried where the survey questions came from. Ms Sessions advised that the questions had been generated by the previous Team Leader Risk & Assurance and had been in place for a number of years. The Committee acknowledged that the Local Government Act 2020 might provide areas for more appropriate questions. Mr Calleja has a list of questions from another survey that he will forward through to Ms Sessions for consideration of the next survey.

It was agreed that:

- Survey questions to be re-assessed for 2020/21;
- The break-up on some questions e.g. Q5;
- The requirement for respondents to add commentary for explanation/improvements where the response provided a low rating; and
- A stronger focus would be undertaken to ensure a greater number of respondents were achieved.

Mr Calleja noted that one question (Q17) scored relatively low and asked Committee for feedback.

Mr Harriott expressed his appreciation of the Committee and highlighted its vital contribution to the organisation.

ICO20/507 Audit and Risk Management Report
M20/42759 ARMC Self-Assessment Survey Results 2020

6.4 Review of ARMC Charter and Work Planner for 2020/2021

Ms Sessions presented the draft Charter and Planner to the Committee to align with the recent changes of the Local Government Act 2020. The Charter and Planner must be approved by Council on or before 1 September 2020 noting the following:

- Implementation of LG Act to be rolled out in stages commencing 1 May 2020;
- 3.12 under Membership was queried due to being highlighted. Ms Sessions advised that she will include the terms of payment fees for the Committee members in this section;
- Section 4 Functions beneficial enterprises – Mr Teitzel explained the new terminology “Entrepreneurial Enterprises” are activities that supply a profit back to Council that require Ministerial approval;
- Section 8 Reporting – Cr Abdullah queried why the CEO is reporting on behalf of the Committee and could this jeopardise the independence of the Committee’s Chair? Mr Hancock, Manager Corporate Governance advised that the new LGA requirements state that the ARMC report is presented to Council by the CEO.

The Committee recognised that the ARMC September meeting has been traditionally set aside for the financial reports only with the other four meetings being dedicated to business as usual for the Committee. It is proposed that these four meetings should be spaced evenly throughout the year to minimise the onerousness of both the Committee and Council staff members. Mr Calleja agreed to flexible time frames and will take direction for the rescheduled timing of the quarterly meetings. It was further agreed that any September financial amendments will be approved by the Committee via email to further expedite the process.

The Committee members agreed to confirm and approve the Charter and Planner once the amendments had been addressed.

ACTION:

Ms Sessions to remove any activity or legislation not required to be fulfilled until 2021 from draft Charter and Planner.

ACTION:

Ms Sessions to reference Councillors resolution on payment fees to ARMC members.

ACTION:

Ms Sessions to remove section or item referencing ‘Improvement Financial Plan’

ACTION:

Remove reference to CEO Employment Matters Policy and Terms of Reference for the CEO Employment Matters Advisory Committee

ICO20/516 Audit and Risk Management Report

M20/46283 Audit and Risk Management Committee Charter 2020 2021 - DRAFT

M20/46284 Audit and Risk Management Committee Work Plan 2020 2021 - DRAFT

6.5 Draft Scopes for Internal Audits - year end 30 December 2020

Mr Kapil Kukreja presented the scopes for the upcoming internal audits with the following being noted:

OH&S - Ms O’Connor queried whether contractor roles would be included in the scope, specifically management and Council liability and how will Council ensure compliance by

contractors? Mr Kortum also queried whether the new Manslaughter Act will be included in the OH&S audit? Mr Kukreja advised that awareness of both questions will be reviewed and the updating policies and procedures will be included within the scope of this review.

Fraud & Corruption Control Framework – Ms O'Connor queried whether staff have the confidence in reporting such incidents and whether they are aware of their protection under the Public Interest Disclosure Policy. Mr Kukreja acknowledged that the fraud and corruption awareness survey will contain this information.

Follow-Up – Mr Calleja queried whether the reports to be followed up were correct based on the work completed. Mr Kukreja will update and report at the October ARMC meeting.

Service Planning – the Committee noted the scope of works, however, had no further comment.

Victorian Protective Data Security Standards (VPDSS) – Mr Kukreja advised that the scope of works will be undertaken in conjunction with the Standards and Best Practice Guidelines. Mr Mitrevski queried whether penetration testing would occur to which Mr Teitzel confirmed that two years' worth of testing was conducted with an external consultant and has already been completed.

The Committee noted the scopes as amended and requested that Mr Kukreja incorporate an assessment of culture of the organisation as part of the report.

ICO20/538	Audit and Risk Management Report
M20/45467	Review of Occupational Health and Safety - Internal Audit Plan Draft
M20/48323	Review of Fraud and Corruption Control Framework - IA Plan - Draft
M20/48320	Follow-Up Review - IA Plan - Draft
M20/48317	Review of Service Planning Methodology - IA Plan - Draft
M20/48319	Review of the Victorian Protective Data Security Standards - Better Practice Review - IA Plan Draft

7. ANY OTHER BUSINESS

Nil

CLOSE: 6.04pm

MINUTES

Greater Shepparton City Council

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00pm, Wednesday 9 September 2020

Via Zoom

COMMITTEE MEMBERS

Mr John Calleja (Chair)
Ms Anne O'Connor
Mr David Kortum
Mr Goran Mitrevski
Cr Seema Abdullah (Mayor)
Cr Chris Hazelman (OAM)

VISION

GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

M I N U T E S
for the
AUDIT AND RISK MANAGEMENT COMMITTEE
held on
WEDNESDAY 9 SEPTEMBER 2020 AT 4:00PM

CHAIR
MR JOHN CALLEJA

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1 Acknowledgement

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

2 Apologies

Nil

3 Declarations of Conflict of Interest

Disclosures of conflicts of interest in relation to advice provided in this report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers, delegates or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

4 Standing Agenda Items

4.1 Greater Shepparton City Council Financial and Performance Statements as at 30 June 2020 - Audit and Risk Management Committee 9 September 2020

Author	Senior Financial Analyst
Approved by	Director Corporate Services
Purpose	For Decision

Disclosures of Conflict of Interest in Relation to this Report

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Moved by Anne O’Connor
Seconded by Goran Mitrevski

That the Audit and Risk Management Committee endorse the Financial Statements for the financial year ending 30 June 2020 and recommend Council certify the statements prior to submission to the Victorian Auditor-General and the Minister in accordance with the *Local Government Act 1989*.

CARRIED 6/0

Executive Summary

The report presents the financial statements and performance statement for the financial year ending 30 June 2020 for endorsement by the Audit and Risk Management Committee and recommendation that Council certify the statements prior to submission to the Victorian Auditor-General and the Minister in accordance with the *Local Government Act 1989*.

Background

In accordance with the *Local Government Act 1989* (the Act), the Council is required to prepare financial statements and a performance statement at the end of the financial year.

The Act requires the Council to approve in principle the final financial statements and performance statement prior to submission to the Victorian Auditor General and the Minister.

The Act also required that the Council authorises two Councillors to certify the financial statements and to certify the performance statement in their final form, after any changes recommended, or agreed to, by the auditor have been made.

2019 and 2020 Comparative Figure Variances

As per previous years, the Finance department will provide a power point presentation taking the Committee through the various notes and providing information on any material variances between the comparative figures.

Discussion Points – Financial Statements

The draft financial statements as at 30 June 2020 have been circulated. The following points are brought to the attention of the ARMC:

- Note 3.3 User Fees – Page 16

Animal Control 2020 balance no longer includes Local Laws (now reported to “Other”).

Expected material variances as a result of COVID-19 were tabled at the May 2020 ARMC meeting and will be further explained in the presentation.

- Note 3.4(a) Operating Grants – Recurrent Commonwealth Government – page 17

The Federal Government paid 50% of Federal Financial Assistance Grants for 2020/2021 to Council in May 2020, which was therefore recorded as income (\$6.66 million).

- Note 3.7 Other Income – Page 18; and
- Note 4.2 Materials & Services – Page 19

AASB 1058 – Income for Not-for-Profit Entities requires Council to recognise volunteer services that would otherwise have been purchased as a revenue (and expense).

Other Revenue and Materials and Services both include \$186,268 in recognition of volunteer services which meet the criteria. This has a net-zero impact on Council’s net result.

- Note 4.4 Amortisation – Right of Use Assets – page 20 (New)

AASB 16 – Leases requires that leases which involve the right to exclusive use of an asset be recognised on the balance sheet as right of use assets and lease liabilities. Council has fleet vehicles, property leases and waste truck exclusive use that meet the criteria.

The initial recognition on transition was the net present value (NPV) of the future lease payments. The right of use asset is subsequently amortised using the straight-line method to the end of the lease term.

- Note 4.6 Borrowing Costs – page 20

The Council's borrowing costs relate to interest incurred on bank loans and the expense caused by the change in discount rate when calculating movements in employee and landfill provisions.

- Note 4.7 Finance Costs – Leases – Page 20 (New)

AASB 16 – Leases requires leases that involve the right to exclusive use of an asset to be recognised on the balance sheet as right of use assets and lease liabilities. Council has fleet vehicles, property leases and waste truck exclusive use that meet the criteria.

The initial recognition on transition was the net present value (NPV) of the future lease payments. Lease payments both reduce the lease liability and cause a cost of finance expense.

- Note 5.1(c) Trade and other Receivables – Page 5.1

Other debtors 2020 balance includes a \$4.5 million invoice to the Federal Government for grant funding towards the New SAM project. This invoice has been paid post 30 June.

- Note 5.2(c) Intangible Assets – Page 23

Consistent with advice circulated to the ARMC by email on 29 July, Council have recorded an intangible airspace asset to the value of \$32.28 million in relation to the Cosgrove 3 landfill. The intangible asset will be amortised over the life of the landfill.

- Note 5.3(c) Payables – Unearned Income – Page 24

A full assessment of all grant funding received in 2019/2020 has been undertaken and Council have recorded \$1 million of unearned income as a current liability pursuant to *AASB 1058 Income for Not-for-Profit Entities* and *AASB 15 Revenue from Contracts with Customers*.

Of this, \$900,000 is for auspiced funding for the construction of MOVE and \$100,000 intended for the purchase of the Murchison Neighbourhood House. Both grants will be recognised as revenue when the associated performance obligations are met.

- Note 5.5 Provisions – Page 25

Consistent with advice circulated to the ARMC by email on 29 July, Council have recorded the opening rehabilitation provision of \$32.28 million for the Cosgrove 3 Landfill site. In addition, the provision for Cosgrove 2 has been reviewed and adjusted to account for the change in discount rate and availability of more reliable cell capping cost estimates for the final cell.

- Note 5.6 Financing Arrangements – Page 26

An unused loan facility of \$2 million has been disclosed in the unused facilities, reflecting an additional payment made towards borrowings in the 2016/2017 financial year. This was not represented in the 2019 financial statements.

- Note 5.8 Leases – Page 27 (New)

AASB 16 – Leases requires leases that involve the right to exclusive use of an asset to be recognised on the balance sheet as right of use assets and lease liabilities. Council has fleet vehicles, property leases and waste truck exclusive use that meet the criteria.

The initial recognition on transition was the net present value (NPV) of the future lease payments. Lease payments both reduce the lease liability and cause a cost of finance expense.

- Note 6.3 Investment in Associates – Page 38

This note relates to Council's interest in the Goulburn Valley Regional Library Corporation (GVRLC). VAGO has confirmed previously that Council does not control the GVRLC and therefore GVRLC is not consolidated into Council's financial statements.

- Note 8.1 Contingent Liabilities – Page 42; and
- Note 9.3 Superannuation – Page 47

The Council's obligation under the defined benefit scheme has been disclosed as a contingent liability due to the potential need to make additional contributions to the scheme.

Vision Super have advised that the estimated Vested Benefit Index (VBI) of the defined benefit category as at 30 June 2020 was 104.6%. Anything above 100% is considered a satisfactory financial position and therefore no shortfalls currently require funding.

- Note 9.1 Reserves – Page 45

Reflects the impacts of the revaluation undertaken during the year in respect of all infrastructure assets excluding bridges, land and buildings in response to the 2018/2019 Financial Management Letter by RDS Audit.

Discussion Points – Performance Statement

The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results.

Revised indicators include animal management health and safety, revenue level and asset renewal and upgrade (previously asset renewal only). Retired indicators are detailed on page 7.

Local Government Victoria provides guidance that variances +/- 10% should have a variance explanation provided.

Action Required from the Committee

That the Audit and Risk Management Committee recommend:

1. The Council approve in principle the financial statements and performance statement for the financial year ended 30 June 2020.
2. The Council authorise the Mayor, Cr Seema Abdullah and Deputy Mayor, Cr Dinny Adem 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.

Conclusion

This report presents the financial statements and performance statement for the financial year ending 30 June 2020 for in principle approval prior to submission to the Victorian Auditor-General and the Minister in accordance with the *Local Government Act 1989*.

Attachments

1. 6.1.1. Revised Draft 2019 2020 Performance Statement [4.1.1 - 10 pages]
2. 6.1.2. Revised 2019 2020 Financial Statements - Sent to ARMC 2 September [4.1.2 - 51 pages]
3. Draft Management Representatio reater Shepparton City Council [4.1.3 - 6 pages]
4. Final Management Letter GSC C- Draft [4.1.4 - 9 pages]
5. GSCC Closing Report F Y 2019-20 [4.1.5 - 22 pages]
6. Balance Sheet REVISED [4.1.6 - 1 page]
7. Cash Flow Statement REVISED [4.1.7 - 1 page]
8. Note 6.2 REVISED [4.1.8 - 1 page]
9. Note 9.2 REVISED [4.1.9 - 1 page]

Moved by Anne O'Connor
Seconded by Goran Mitrevski

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

- The Council approve in principle the financial and performance statements for the financial year ended 30 June 2020.

CARRIED 6/0

Moved by Goran Mitrevski
Seconded by Anne O'Connor

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

- The Council authorise Mayor, Seema Abdullah, Deputy Mayor, Cr Dinny Adem 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.

CARRIED 6/0

DISCUSSION FROM THE AGENDA ITEM

FINANCIAL REPORT AND PERFORMANCE STATEMENT

Greater Shepparton City Council Draft Financial and Performance Statements as at 30 June 2020

- Management walked through a powerpoint presentation (M20/73496) highlighting significant variances between 2019 and 2020 for the financial and performance statements.
- The Committee thanked the team for the presentation and noted the report. It was agreed that specific questions would be picked up through the Financial Statements review.
- The Financial Statements were reviewed by the Committee via a 'turn-page' approach.
- Key discussion points were:
 1. Impacts of COVID-19;
 2. Accounting treatments for Cosgrove 3 landfill;
 3. Auditor's remuneration increase;
 4. Goulburn Valley Regional Libraries Corporation surplus;
 5. Allocation approach for Disaggregated Disclosure, note 2

Page 10

- The Committee queried whether the impact of COVID-19 was impacting on CIV.

Management noted that there was no indication that prices had materially deteriorated regionally. Management also confirmed that the 2020 valuations in the accounts are based on valuations certified by the Valuer-General Victoria (VGV) as at 1st January 2020 and a disclosure has been made noting Council's property asset valuations were not materially impacted by COVID-19 (disclosed in note 6.2 on page 36). RSD advised VAGO require that potential impacts be assessed, where there is no impact disclosures are still required to assure the reader that an assessment has been made.

- The Committee asked about immaterial impacts definition for Materials and Services despite there being costs disclosed. Management advised that there had been identified savings in materials and services as part of the Q# forecast review (in advance of COVID-19) that saw these particular costs offset.

Page 12

The Committee advised of some minor typing errors and formatting issues on this page and across the statements that he would provide these separately through to Matt Jarvis, Manage Finance and Rates.

Page 16

- The Committee queried whether parking fees were included in User Fees, not Statutory Fees and Fines as noted in the disclosure. Management advised that parking fees were a User Fee and would be amended accordingly.

Page 19

- The Committee sought further clarification of the accounting treatment and recognition of the Cosgrove 3 Landfill. Management advised that the LGV Accounting for Landfill guidance paper has been followed, whereby a provision is

created to meet aftercare obligations and the corresponding debit is an intangible airspace asset. These are equal at the time of recognition; however the provision is adjusted each year over the useful life of the landfill to represent the net present value (NPV) of future aftercare obligations and the airspace asset is reviewed based on the remaining airspace. Management also clarified that the Cosgrove 2 landfill provision was booked late in the life of the landfill so was expensed instead of being treated this way. RSD advised that intangible assets will get amortised over life of the asset.

Page 20

- The Committee queried the size of the increase in the auditors' remuneration in Note 4.8. Management confirmed that Council missed a \$15k accrual for the interim audit which related to the prior year.
- It was agreed that the note disclosure of audit fees would be split across the two financial years.
- The Committee queried whether the treatment of fair value movements was different from the prior year and whether the prior year needed to be reclassified? Management confirmed that the treatment had changed, and it was agreed that an explanatory statement would be included in the note.

Page 22

- The Committee requested confirmation of the substantial increase in the other debtors balance. Does Council foresee any issue with collection? Matt advised that a \$4.5m invoice for federal funding for New SAM is included in the balance that has since been paid. Once this is taken out the overall balance is lower than the comparative year.

Page 24

- The Committee recommended a note to give further clarity to the reader on the impact of SAM's accrued expenses. Management accepted the recommendation to modify the note.

Page 25

- The Committee queried whether staff have RDO's and if these are carried as a provision. Management confirmed staff have RDO's. Management also advised that under the EBA staff may accrue and carry forward a maximum of 5 days, therefore no additional provision. Provisions are required for annual leave and long service leave as they can be carried over. Senior management are encouraging staff to continue to take RDO's for mental health reasons.

Page 31

- The Committee queried note 6.2 seeking clarification on the transfer coming from somewhere and going to somewhere and whether this should have reconciled to \$0. Management advised that the transfers included \$450k of land held for sale (as per note 6.1). To make it clearer to the reader, work in progress (WIP) transfers and landfill capital works paid from provisions were also included in transfers.

- The Committee queried the closing WIP net value asking whether that was related to New SAM. Management confirmed as the construction of SAM is not yet complete as at 30 June 2020.

ACTION: The Committee recommended for management to provide further clarification by way of a disclosure.

Page 38

- The Committee queried and sought an explanation for the share of the Goulburn Valley Regional Library Corporation (GVRLC) surplus of \$54k as it is usually a deficit. Management advised that Council prepares the GVRLC financials and they are audited by RSD Audit. GVRLC normally have high casual use, however; for FY2020 employee costs were down due to COVID-19.

Performance Statements

- The Performance Statements were reviewed by the Committee via a 'turn-page' approach. Key discussion points were:
 1. VCAT planning decision increases;
 2. Forecast indicators continue to be a challenge for Council;
 3. Long term financial planning of capital projects;
 4. Council's operating position and underlying results.

Page 2

- The Committee queried the infrastructure per head asking whether the formal revaluation was the reason for driving the increase. Management confirmed and agreed to adjust variance explanation.

Page 4

- The Committee queried the 25% increase in relation to planning decisions and whether they were upheld at VCAT. Management confirmed that due to the small number of decisions any movement reflects as a large percentage change.

Page 5

- The Committee queried the revenue level average and whether the residential level is expected to decline including whether rates were due to decrease as a result. Management advised that this is one of the challenges with the indicators. The budget, and therefore, indicator forecasts are based on Quarter 3 Forecast Review Projected Full Year Actuals, while the 2020 result is based on the 2020 Full Year Actuals. As the data used to calculate the forecast and results is from a different point in time it makes it challenging to calculate future amounts.
- The Committee queried whether a note should be added in the report. RSD advised that it is not unusual among Council's for results to appear like this, as long as the information is factually correct there is no need to explain. It is difficult to find a succinct explanation for this indicator.
- The Committee suggested that future year working capital was low, indicating that 97% could draw eyebrows. Management explained that the Long Term Financial

Plan (LTFP) is influenced by capital projects i.e. the Sports Stadium, where funding for the project will not be known until closer to the time. This is not addressed in the explanation as it focusses on the current year result. RSD further added that the further out you get in the LTFP the more conservative income projections are, this would be confirmed if Council reviewed the 2016 assumptions against 2020 actuals. Management also confirmed that while 97% doesn't look good, he is comfortable due to the way liquidity moves as assumptions become more accurate after each financial year. Management further advised that it was likely that the Council LTFP was conservatively low on federal and state funding for that year but ambitious on capital expenditure. This could be explained at a high level in the note.

- Management to adjust the note to reflect the Committee's comments.
- The Committee queried the drop from 2021 to 2022 in the expenditure level indicator seeking reassurance that this a result of forecasts? Management advised that this was due to significant non-council expenditure that influence the indicator, i.e. the Victoria Park Lake intersection.

Page 7 – operating position and underlying results.

- The Committee queried whether the negative in 2021 Adjusted Underlying Result is suggesting a deficit, is this underpinned by grants? Management confirmed that the adjusted underlying operating result is influenced by grant funding. Committee further queried whether an explanation is required. Management noted we haven't previously but was happy to be advised. The Committee agreed a note would be helpful.

ACTION: Management agreed to amend the indicator explanation.

COVID Disclosure – Management advised the ARMC that VAGO had requested a COVID disclosure be added to the Performance Statement.

ACTION: Management to circulate COVID disclosure to ARMC member's post-meeting.

VAGO CLOSING REPORT AND FINAL MANAGEMENT LETTER

RSD Reports – presented by Mahesh Silva and Phil Delahunty

Key messages from RSD included:

- Council operating differently due to unprecedented times and challenges. RSD thanked Matt and his team for their cooperation with the financial and performance audit;
- RSD noted the following outstanding items:
 1. Movements of Infrastructure, Property, Plant and Equipment (IPPE), with RSD for review;
 2. Leases testing, however have been happy with workings that have been provided so far;
 3. Statements still to be sent to VAGO;
 4. Final Management Letter.

Final Management Letter

RSD also concluded the following:

- Financial Statements and Performance Statement will be submitted to VAGO 10 September, once the Committee amendments are made;
- Purpose of closing report is to provide audit conclusion that financial and performance statements can be submitted for certification;
- Providing clearance of big risk issues e.g. assets, liabilities and disclosures confirming that RSD are comfortable with tasks;
- Prior year developer contributed assets issue has been resolved;
- Accounting for Landfill is based on estimates and requires a lot of professional judgement, but RSD are comfortable with Council's methodology.
- No new audit findings identified, only one adjustment recommended which was immaterial at around \$300k. This confirms the diligent preparation undertaken by Council officers, RSD did not receive something that was half done, the process appears sound;
- There is one low level matter outstanding on the Management Letter. This shows both the maturity of the system and also confirms the strong culture of enhancing controls through internal audits;
- Page 6 Audit Findings – no adjustments necessary. Officers prepared financial statements in a diligent way and didn't require a lot of change. Monthly financials are quite sound and provides confidence to Committee for recommending approval.
- Comment/questions from committee – nil
- RSD management advised that relatively minor outstanding audit items with main focus being financials. Management letter states draft is in actual fact final but will leave as draft.

ANY OTHER BUSINESS

- Management were asked to leave the meeting so the Committee could meet with the auditor in camera.

5.1 Close of Meeting
Meeting closed at 5.39pm.



MINUTES

Greater Shepparton City Council

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00pm, Wednesday 16 December 2020

Virtually via Zoom

COMMITTEE MEMBERS

Mr John Calleja (Chair)

Ms Anne O'Connor

Mr David Kortum

Mr Goran Mitrevski

Cr Kim O'Keeffe (Mayor)

Cr Rob Priestly

VISION

GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a

MINUTES
for the
AUDIT AND RISK MANAGEMENT COMMITTEE
held on
WEDNESDAY 28 OCTOBER 2020 AT 4:00PM

CHAIR
MR JOHN CALLEJA

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Attendees:

Committee Members

- John Calleja (Chair)
- Anne O'Connor
- David Kortum
- Goran Mitrevski
- Cr Kim O'Keeffe (Mayor) (joined the meeting at 4.59pm)
- Cr Rob Priestly

Council Officers

- Peter Harriott (CEO)
- Chris Teitzel
- Darryl Hancock
- Matthew Jarvis (left the meeting at 5.14pm)
- Karen Liversidge
- Marie Barbance
- Susan Walker (Minute Taker)
- Jodie Sessions

Internal Auditors (joined the meeting at 4.30pm)

- Kundai Mtsambiwa - HLB Mann Judd representative
- Mark Holloway - HLB Mann Judd representative

1 Acknowledgement

"We the Greater Shepparton City Council, begin today's meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors."

2 Apologies

- Nil

3 Declarations of Conflict of Interest

Disclosures of conflicts of interest in relation to advice provided in this report Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers, delegates or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

No ARMC member declared any conflict of interest with regards to any matter under consideration by the Committee at this meeting.

4 Confirmation of Minutes of Previous Meetings

Committee Resolution

That the minutes from the Committee meetings held on 17 June 2020 and 9 September 2020 are confirmed as correct.

Requested Actions

- 4.1.1 Charter to be formally adopted by the Committee;
- 4.1.2 Adopted Annual Work Plan to be distributed to the Committee members; and
- 4.1.3 The Audit and Risk Management Committee fees are discussed at the 10 February 2021 meeting.

5 Action Register

5.1 Action Register

Committee Resolution

That the Audit and Risk Management Committee noted the OHS and Workcover report from 28 October 2020 with the following requested actions.

Requested Actions

- 5.1.1 The ARMC Charter is to be presented to the Committee for adoption;
- 5.1.2 The ARMC annual work plan to be issued to Committee; and
- 5.1.3 The Committee fees are to be discussed at the February Committee meeting

Discussion

- Manager Projects providing update on the Project Management Framework – action numbers 5.10 and 5.12;
- CEO and Director Corporate Services raising outstanding and overdue action items with Responsible Officers and their Managers and Directors – action number 5.11;
- Training in CAMMS Project – Manager Projects advised Committee that a centralised system is being used by staff with a training guide established to assist with the use in CAMMS;
- ARMC draft Charter tasks complete included:
 - Remove any activity or legislation not required to be fulfilled until 2021;
 - Remove any section referencing 'Improvement Financial Plan'; and
 - Remove references to CEO Employment Matters Policy and Terms of Reference for the CEO Employment Matters Advisory Committee.

6 Standing Agenda Items

6.1 OH&S and WorkCover Report

Committee Resolution

That the Audit and Risk Management Committee noted the OHS and Workcover report from 28 October 2020.

Requested Actions

- 6.1.1 The Manager People & Development / Team Leader OH&S to provide actions in future reports advising what controls have been put in place to minimise reported incidents of motor vehicle and Child Care / Early Years incidents.

Discussion

Committee queried whether the drug and alcohol testing was supported by a policy or procedure and Council's process for dealing with a positive result. Management confirmed that Council has adopted both a policy and procedure with the usual disciplinary process followed.

6.2 CEO's Report

Committee Resolution

That the Audit and Risk Management Committee noted the CEO's verbal report.

Requested Actions

- 4.1.1 The Manager People & Development / Team Leader OH&S to provide actions in future reports advising what controls have been put in place to minimise reported incidents of motor vehicle and Child Care / Early Years incidents.

Discussion

Overview of the CEO update:

- Council election and new elected Councillors;
- Local Government Act 2020;
- State budgets including \$45M for affordable housing, velocity train services, additional \$2.5M for SAM to finish healing garden and playground;
- Violent member of the public abusing Council staff member. Council now has restraining order on member of public;
- VAGO report on sexual harassment in Local Government
 - 205 participants from Greater Shepparton City Council;
 - 25 respondents had experienced sexual harassment in the form of intrusive questions and jokes;
 - Local government average is 28%, however, Greater Shepparton City Council's figures were lower than the average; and
 - ELT and People & Development have discussed the importance of mandatory training for the organisation.

Committee sought an overview of the major projects occurring. Management highlighted the below key areas:

- SAM is very close to having the certificate of completion issued;
- Liquidated damages discussion occurring between Council, Superintendent and Contractors due to delay in SAM project delivery, \$500k seen as reasonable costs, however, further discussions occurring;
- Project works have commenced for the upgrade of Wyndham and Fitzjohn Streets with redesign being provided by Regional Roads Victoria (RRV). Biggest risk is to ensure project delivered on budget;
- Maude Street upgrade including High and Vaughan Streets - project tracking well with works currently put on hold until early 2021 to minimise interruption to traders;
- Maude Street Mall - \$8.5M allocated with the functional design completed. Project still requires a further \$4M and as such is a financial risk to Council.
- Cosgrove 3 - with the recent fire at Veolia, Council is receiving additional waste and are looking at commencing works on the next cell;
- Funding received for concreting works of the helipad at the aerodrome.

Committee queried whether annual leave had increased due to COVID and travel restrictions.

- Management advised that staff's leave is being monitored closely due to a financial risk to the organisation and fears there could be a big void in the organisation as a number of key staff may take leave at, or around the same time.
- Committee queried when Council will know if there is going to be over spend on SAM and if SAM is fully funded. Management advised that Council will be advised early in the new year, and yes the project is fully funded.

Committee queried Council's bushfire preparedness.

- Management confirmed that Council is ready to go with Emergency Management Committees being adopted at Council Meeting on 15 December 2020.

6.3 CEO Credit Card Transaction Expenses Report

Committee Resolution

That the Audit and Risk Management Committee:

- 1 note the report confirming that Mr Teitzel has approved and confirmed the CEO's credit card transactions for the period 1 April to 31 May 2020.
- 2 note that the CEO has voluntarily cancelled his Council issued credit card

Requested Actions

6.3.1 Nil

Discussion

The CEO update the Committee on his decision to voluntarily cancel his Council issued credit card.

The CEO noted that notwithstanding that he would no longer have a Council issued credit card CEO expenditure would still be reported to the Committee.

6.4 ARMC Finance Report

Committee Resolution

That the Audit and Risk Management Committee note the Finance Report.

Requested Actions

- 6.4.1 The Manager Finance and Rates requested to provide forecasting of Cosgrove 3 (include Council's overlying position) at the February 2021 meeting.

Discussion

Management presented the October month end finance report, however, noted that the November finance report was available on Council's website for viewing.

- YTD accounting surplus;
- Cosgrove user fees increased due to local waste depot burning earlier in the year;
- Capex projected to \$66M with predicted increase to \$67M;
- Sundry and rates debtors within normal tolerances considering COVID and comparable to previous years;
 - payment arrangements have increased - up to 420 including 88% of ratepayers have made first installment payments with 79% of ratepayers paying second installment.
- Performing Arts and Aquatic Centre continue to be monitored with the Long Term Financial Planning (LTFP) due to a net cost of \$6M;
- Investment income dropped significantly due to low interest rates of .9%, down from 6.99%
- Quarter 2 Capex plans funding existing projects.

The Committee asked if adjustments expected to be made to the LTFP after review of Q1?

- Management advised that capital grants are to be signed off from state to confirm what's being funded.

The Committee asked with the substantial impact of the fire and waste arrangements, what has been Council's oversight and commercial arrangement changes to the contract?

- Management advised that Veolia and Cleanaway don't bring commercial waste to landfill, however, is dependent on the number brought in i.e. the more waste, the lower the fees. As a result of the fire, there has been no impact to Council's operations with commercial contracts.

The Committee discussed the increasing complexity in the financial statements arising from the impacts of COVID on the underlying results and the large volume of grants for COVID and grants for capital programs. The impact of this was making the underlying performance of the business increasingly difficult to assess. Management agreed with this and advised they were working increasing the visibility through additional reporting.

6.5 Gift and Benefits Register Report

Committee Resolution

That the Audit and Risk Management Committee noted the 2020 Gifts and Benefits Register.

Requested Actions

6.5.1 Nil

Discussion

Management presented the Gifts and Benefits report to the Committee highlighting:

- 8 items had been registered since January 2020 with majority being retained;
- alcohol received had been recorded and was later used in social club raffles; and
- 90% of gifts registered were hospitality related;

The Committee queried whether Council was confident with the process for registering gifts.

- Management acknowledged that the process is reviewed regularly and is communicated to the organisation through various means.

6.6 Councillor Expenses Report

Committee Resolution

That the Audit and Risk Management Committee noted the Councillor Expenses Report.

Requested Actions

6.6.1 Nil

Discussion

Management presented the Councillor Expenses report noting:

- Gifts provided to Councillor's pose more of a risk to Council as opposed to staff receiving gifts; and
- Newly elected Councillor's inducted received awareness training on receiving gifts and the need to register.

6.7 Risk and Claims Report

Committee Resolution

That the Audit and Risk Management Committee noted the Risk and Claims Report.

Requested Actions

6.7.1 Council is to provide further detail to Committee around the additional controls to prevent the damaging of underground assets from occurring in the future.

Discussion

Management presented the Risk and Claims report to the Committee noting the following:

- Overall reduction in claims due to COVID and people being in lockdown;
- 50% of motor vehicle incidents involved Council staff and hitting stationary objects;
- Majority of claims related to storm damage;
- Currently there are no overdue strategic risks;
- Audit actions have been reduced significantly with 29 remaining outstanding; and
- Project management framework audit actions were closed off after report had been finalised and after being adopted at Council Meeting on 15 December 2020.

The Committee queried whether staff should be undertaking an online motor vehicle module or alternative training, and whether vehicle familiarisation has been considered?

- Management advised that People & Development are looking into an online training module through ELMO with the option of a checklist for vehicle familiarisation.

The Committee also queried Council's action in responding to the incident involving the power cable.

- Management advised that the Works team had been out the day before the incident, called Dial Before You Dig (DBYD) and marked the location, however, rain washed the markings off and the staff didn't call DBYD again on the day of the incident.

6.8 Overdue Outstanding Audit Action Report - 4 December 2020

Committee Resolution

That the Audit and Risk Management Committee noted the Overdue Outstanding Audit Action Report.

Requested Actions

6.8.1 Nil

Discussion

Management presented the Overdue/Outstanding Audit Action Report highlighting:

- At the time of the report, Council had 29 actions outstanding with five (5) being overdue;
- A further three (3) overdue actions were adopted at Council Meeting on 15 December 2020 and were closed out;
- Corporate Services have 18 actions to complete; and
- Additional recommendations assigned due to recent audits of Risk Culture and OH&S.

Committee queried the time taken to implement/resolve some of the recommendations noting specifically that the Project Management Framework took a number of years to be completed.

- Management advised that the overdue actions from the Project Management Framework were adopted at Council on 15 December 2020 allowing for actions to be closed out, however, one remains overdue for the Project Management Framework, that being, to make the document available on Council's intranet. Management advised that once this has been communicated on the intranet this action can be closed out.

The Committee queried the risk ratings associated with the Code of Practice for the Management of Dogs and Cats in Shelters and Pounds advising that they appear to be rated too high.

- Management advised that the audit was conducted by an external party and did not use Council's risk matrix to determine the ratings. The original risks were rated as

extreme and have since been downgraded to high after consultation with the relevant department/Directorate.

6.9 Legislative Compliance Report

Committee Resolution

That the Audit and Risk Management Committee noted Legislative Compliance Report

Requested Actions

4.1.1 Nil

Discussion

Management presented the report on Legislative Compliance confirming:

- Council had 300 obligations to review with compliance of 298;
- 16 of the obligations that had been deemed as not assessed have since been completed with the introduction of the new Local Government Act 2020.

Committee queried the changes to legislation for gender equality. HLB Mann Judd advised that Council will have a number of legislative requirements to address with the introduction of the new legislation including: the development of a gender equality plan, and reporting of plan.

- Management informed Committee that a Gender Equality Working Group has been established.

Committee also queried the process for assigning and completing legislation.

- Management confirmed that Managers receive email notifying of obligation, obligation is reviewed and signed off once completed.
 - Reminders are emailed from RelianSys until obligation complete.

6.10 Reports of interest for the Local Government Sector

Committee Resolution

That the Audit and Risk Management Committee noted the November 2020 Report from HLB Mann Judd Advisory and Accounting on Recent Reports and Publications for the Local Government Section.

Requested Actions

6.10.1 The Establishment and Use of ICT Related Procurement Panels and Arrangements Report and Publication from HLB Mann Judd to be attached to 10 February 2021 meeting for Committee to review.

Discussion

HLB Mann Judd representatives presented the Local Government Interest reports focusing on:

- New gender equality legislation and compliance by Council's under the Gender Equality Act 2020;
- Reducing bushfire risks;
- Corporate credit card misuse investigation;
- Fraud controls Arrangements in the Department of Social Services, and
- Sexual harassment in local government by VAGO.

6.11 Internal Audit Reports

Committee Resolution

That the Audit and Risk Management Committee note the two Internal Audit reports completed by HLB Mann Judd.

- 1 Review of Risk Culture
- 2 Review of Occupational Health and Safety

Requested Actions

- 6.11.1 The Director Corporate Services requested to provide update in February meeting on the implementation of the software to assist with managing inductions for staff and contractors.

Discussion

HLB Mann Judd representatives presented the Risk Culture and OH&S finalised audit reports highlighting the following:

Risk Culture

- Top down approach positive;
- Positive controls in place;
- Clearly defined roles and responsibilities considered in position descriptions;
- Good risk management practices embedded in Council
- Risk Culture survey had 253 respondents (275) which identified:
 - good staff awareness;
 - training awareness improvements;
 - benchmarking consistent with other Council's of similar size
- No high or extreme risks identified;
- Gaps and inconsistencies in Council's policies and procedures;
- Enhancements to Council's risk appetite statement;
- Onboarding process;
- improvements for documenting high and extreme risks; and
- Council to conduct periodic controls testing.

OH&S

- The audit was conducted and measured against the OH&S Act and the OH&S Standards;
- Council has a robust OH&S framework in place;
- Good communication across the organisation;
- Audit findings included six (6) in total, five (5) medium and (1) low risk;
- Enhancements required for contractor management;
- Chemical handling processes really good across the organisation;
- Incidents being reported appropriately through Elumina; and
- Council to provide further awareness and training in the OH&S space and to include inductions and evidence to further enhance contractor management.

The Committee queried whether more work needs to occur in the contractor management area.

- Management advised that the Executive Leadership Team (ELT) had a discussion on 16 December to investigate software for inductions, specifically for contractor management.
- ELT have requested a working group to be established and will meet again early January to review.

6.12 Internal Audit Program Status Report

Committee Resolution

That the Audit and Risk Management Committee note the Internal Audit Program Status Report for the period June to November 2020.

Requested Actions

- 6.12.1 The Committee agreed to the Procurement review in lieu of the Victorian Protective Data Security Standards review.

Discussion

HLB Mann Judd representatives presented the Internal Audit Program Status report to the Committee noting the following:

- Good progress has been made with the plan considering the challenges of working offsite due to COVID;
- 3 audit conducted since commencement of program;
 - 2 audits finalised;
 - one awaiting management comments; and
 - the Follow-up review commenced week of 10th December.
- Management have provided good cooperation with the audits considering the challenges
- Review and assessment conducted by external consultant in the Protective Data Security Plan space earlier in 2020 and is not necessary to undertake a further review. To be replaced with a procurement process review after gaps were identified from internal staff.

The Committee queried the timeliness of the reports being finalised seeking confirmation of the agreed timelines between internal auditor and Council, in particular, the Fraud and Corruption Control Framework .

- HLB Mann Judd advised that COVID has posed some difficulties with timelines and finalising reports.

7 New Business

7.1 Internal Audit Program Status Report

Committee Resolution

That the Audit and Risk Management Committee approve the proposed scheduled meeting dates for 2021.

- 1 February 10, 2021;
- 2 May 12, 2021;
- 3 August 11, 2021;
- 4 September 15, 2021; and
- 5 November 10, 2021.

Requested Actions

- 7.1.1 Nil

Discussion

The meeting scheduled for September 2021 is reserved for presentation of Council's Audited Financial and Performance Statements.

The meetings are to be scheduled to be held virtually, commencing at 4pm.

8 Other Business

The Committee met with internal auditors in camera after the meeting without management and council officers present.

9. Close of Meeting

The Committee acknowledged and thanked Council management and staff for their efforts in what was a trying year and for supporting the Committee for what they've needed to do.

The Chair also thanked their contribution to the Committee.

Next meeting will be held on Wednesday 10 February, 2021.

Meeting closed at {time}.

MINUTES

Greater Shepparton City Council

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Wednesday 10 February 2021

Virtually via Zoom

COMMITTEE MEMBERS

Mr John Calleja (Chair)

Ms Anne O'Connor

Mr David Kortum

Mr Goran Mitrevski

Cr Kim O'Keeffe (Mayor)

Cr Rob Priestly

VISION

GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

MINUTES
for the
AUDIT AND RISK MANAGEMENT COMMITTEE
held on
WEDNESDAY 10 FEBRUARY 2021 AT 4:00PM

CHAIR
MR JOHN CALLEJA

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Attendees:

Committee Members

- John Calleja
- Anne O'Connor
- David Kortum
- Goran Mitrevski
- Cr Kim O'Keeffe (Mayor)
- Cr Rob Priestly

Council Officers

- Peter Harriott - CEO
- Darryl Hancock - Manager Corporate Governance
- Matthew Jarvis - Manager Finance & Rates
- Craig Exton/Phil Hoare
- Susan Walker - Assurance & Continuity Officer (Minute Taker)
- Jodie Sessions - Team Leader Risk & Assurance

Internal Audit Representatives - HLB Mann Judd

- Kapil Kukreja - Senior Manager, Audit and Assurance

1 Acknowledgement

"We the Greater Shepparton City Council, begin today's meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors."

2 Apologies

Council Officer

- Chris Teitzel - Director Corporate Services

Completion of Service on the ARMC

John Calleja, Chair, formally acknowledged that this was Anne's last meeting due to work commitments. On behalf of the Committee, John thanked Anne for her commitment and dedication to the Committee extending his gratitude to Anne's knowledge and valued input to the Committee for the past five years.

Chair John Calleja confirmed that the February 2021 meeting was his last as a committee member having completed two terms as a member of the ARMC.

3 Declarations of Conflict of Interest

Nil

4 Confirmation of Minutes of Previous Meetings

That the minutes of the 16 December 2020 Audit and Risk Management Committee meeting as circulated, be confirmed.

5 Action Register

5.2 Audit and Risk Management Remuneration

Committee Resolution

That the Audit and Risk Management Committee noted the Remuneration report.

Discussion

Management advised the Committee that it met with Council's Finance team for an update on the CPI for 2019/20 confirming the CPI was negative, therefore the remuneration rate for independent members would not change for 2020/2021.

5.3 Audit and Risk Management Charter

Committee Resolution

That the Audit and Risk Management Committee noted the Charter.

Discussion

Management confirmed that the Charter was adopted by Council at the 18 August 2020 Council Meeting without alteration from the recommendations of the ARMC.

6 Standing Agenda Items

6.1 CEO's Report

Committee Resolution

That the Audit and Risk Management Committee noted the CEO's verbal report.

Requested Action

- Nil

Discussion

Key areas highlighted by the CEO included:

- VAGO Sexual harassment report in local government.
 - Council has adopted an action plan for sexual harassment including:
 - staff awareness and training;
 - identifying and reporting such issues/instances;
 - encouraging staff to speak up; and
 - remaining a focus of Council for next 6 to 12 months.
- Shepparton Art Museum (SAM)
 - practical completion and occupancy permits now issued;
 - budget has been a big risk for this project, however, negotiations regarding outstanding variations are close to being finalised;
 - the reflection upon the builders and their pride in the project; and
 - Committee congratulating Council on the progress to date.
- COVID-19
 - Council remains focused on COVID ensuring directions are being adhered to;
 - vaccination remains priority throughout municipality;
 - Council continues to assist GV Health with resources for facility set-up and immunisation of nurses.
- Community Vision and Council Plan
 - deliberative engagement an legislative requirement for the development of the Community Vision and Council Plan;
 - Councillors and Executive have discussed how deliberative engagement would be undertaken.
- Cosgrove 3
 - focal point for next 12 months for Council design and build of cell 2;
 - design and build to happen quickly with cell 1 filling fast due to the additional waste being received;

6.2 ARMC Finance Report

Committee Resolution

That the Audit and Risk Management Committee noted the Finance Report.

Requested Action

- Matt Jarvis, Manager Finance & Rates, to provide a report to the Committee advising of risk position with projects.

Discussion

Management presented the January month-end finance report.

Matt Jarvis personally thanked both John and Anne for their support, time and contribution to the Committee.

Key points to note include:

- YTD budgets ahead due to favourable user fees as Cosgrove Landfill and timing of Working for Victoria reimbursements;
- Noted error in report – YTD operating expenses less than YTD budget (predominately timing of large invoices such as Wyndham/ Fitzjohn Street intersection upgrade;
- full year forecast showing \$4 mil surplus, reflecting an increase in Operating and Capital Grants coming in;
- Balance Sheet – full year forecast working capital is slightly higher at 104% (low risk);
- interest rates returning very low rates with Sundry and Rates debtors tracking ok;
- Capital Works is \$14 mil behind YTD budget (across the board) and total capital works is forecast at \$65 mil;
- net cost of COVID is currently estimated at \$4.3 mil for 20/21, an impact of 20% on liquidity ratios;
- report includes a table providing a normalized operating result (true operating costs);
- Noted that under new accounting standards (AASB15 and 1058) grants received are reviewed monthly (currently \$1.82 mil unearned income grants) and tracked via individual work orders if acquittal required. Grants coming in the fund existing budgeted expenditure help keep liquidity at low risk.
- The Committee is to receive the additional reporting on project management.
- Councillors briefed on Long Term Financial Planning (LTFP) relating to benefits of grants received and able to demonstrate how to push out capital works.

The Committee asked whether Council has the ability to review interest rates and shop around for a better rate.

- Management advised that Council forms part of an online investment module, however, there is an order of priority limits on A1+ ratings with Council's A2+ ratings maxed out.

The Committee asked whether Council had concerns with the projected balance sheet for the financial year.

- Management advised that Council has been paying particular attention on cash flow and capital expenditure in last few months and believes this to be working well for Council.

The Committee asked whether timing for YTD capital works is indicative of project progress.

- Management advised that Council has been optimistic with initial planning phases, predicting the second half of the year will reflect expenditure and progress.
- Management advised that a cumulative of approvals and projects are running slightly behind.

The Committee asked whether Council are confident that the \$65m budget will be maintained.

- Management advised of being confident of reaching this target.

The Committee asked whether the Hardship Policy came into effect for the number of people on payment arrangements.

- Management advised that this is part of normal operations.

The Committee asked whether Council can remain financially and sustainably viable with lower CPI's due to impacts and extension of COVID.

- Management advised of a 1.5% rate cap with recent Council elections, however, indicated that if things reopen and get back to normal it can certainly be sustainable.

The Committee asked whether there's an increase in complexity around COVID and whether a summary report on projects, including risk in management of projects can be provided.

- Management advised that quarterly reports are presented to Councillors.

Matt Jarvis left the meeting at 4.44pm

6.3 Legislative Compliance Report

Committee Resolution

That the Audit and Risk Management Committee noted the Legislative Compliance Report.

Requested Actions

- Management to consider putting in an additional control, such a compliance audits.

Discussion

Management advised that legislative obligations are tracked through a system called RelianSys.

- Obligations are assigned to managers for assessment and completion.

Management presented the report on Legislative Compliance confirming:

- Council assessed and complied with 296 obligations in the reporting period; and
- 28 new obligations had not been assessed due to the compliance dates occurring in the future.

Committee asked whether an additional process is required as the information may be deemed subjective and could be as simple as a tick and flick for Managers.

- Management advised they would consider putting in an additional control, such a compliance audits.

Committee asked if all relevant Acts are included for monitoring.

- Management advised that the specific Acts listed for monitoring are determined on an as needs basis dependent on the risk of the legislation.

6.4 Procurement Policy and Procedure Compliance Report

Committee Resolution

That the Audit and Risk Management Committee noted the Procurement Policy and Procedure Compliance Report.

Requested Actions

- Manager Corporate Governance to seek whether incidences and dollar amounts can be included in the Procurement Policy and Procedure Compliance report.
- Procurement Policy to be attached annually to the agenda to assist ARMC with identifying compliance related issues.

Discussion

Management presented the Procurement Policy and Procedure Compliance report noting:

- this is the first report of its kind and will improve over time with more values;
- purchase orders raised after receiving invoice and rejected requisitions included;
- Council's benchmark for raising PO's after receiving invoice is 5%, report indicates that this is within tolerances;

Committee asked whether the Procurement Policy could be attached to assist Committee with identifying compliance related issues.

Committee asked whether incidences and dollar amounts could be included in the report.

- Management advised that this data may be difficult to extract from the system, however, will speak with Procurement.

Committee asked where the 5% originated from.

- Management determined that 5% was a reasonable figure.

Committee asked what percentage of PO's is reviewed.

- Management advised that all PO's are reviewed by the Procurement team regardless of the dollar amount.

6.5 Project Risk Report

Committee Resolution

That the Audit and Risk Management Committee noted the verbal Project Risk Report.

Requested Action

- Manager Projects to provide project risk management reports in excel spreadsheets rather than CAMMS reports to the Committee.

Discussion

Management presented the report highlighting the following:

- project risks are reported and presented at monthly Project Board Sponsors meetings focusing on all project risks;

Maude Street - Stages 3 and 4

- complete wall to wall reconstruction of footpath and road in Maude Street from Vaughan to High Streets;
- no unusual high, extreme or unique risks for this standard project;
- the biggest risk for this project is the impact on local businesses and Council's reputation. This is being monitored through constant and consistent messaging with local businesses, including weekly walk through and onsite meetings.

SAM Construction

- high risks documented for this project included timeframes, scope and budgets being the main three (3) factors.
- practical completion and occupancy permits have been issued.

Wyndham/Fitzjohn Street Upgrade

- key risks included: pedestrian and road accesses; and
- traffic management.
- issues with CAMMS impeding on ability to produce report.
- A full board report can be located in HPRM M21/9123.

Deakin Reserve Netball Court and Toilet Block

- project has only just commenced with risks recorded in CAMMS, however, no ratings have been assigned to individual risks.
- biggest risks for this project include pedestrian and bus access

Committee asked why there are N/A's appearing in the report against future risks.

- Management advised that this is a Project Manager issue and is a focus area for improvement within the system.

Committee asked whether CAMMS is working effectively for the project team.

- Management advised that CAMMS works well in other aspects of the organisation, however, is quite cumbersome for the Projects team. The Projects team utilises their own excel template program to manage project risks.

Committee asked whether the Projects team is using the GSCC risk matrix.

- Management advised that the risk matrix is the same as the one documented in the Risk Management Policy.

Committee asked whether the use of an excel spreadsheet was typical practice and efficient for the day to day management of risks, and sought managements views of the system.

- Management advised that CAMMS is more suited for the higher risks, not good for day to day management of risks and it's easier to update an excel spreadsheet rather than updating in CAMMS.

Manager Projects left the meeting at 5.11pm.

6.6 Strategic, High and Extreme Operational Risk Reports

Committee Resolution

That the Audit and Risk Management Committee noted the Strategic Risk, High and Extreme Operational Risk Report.

Requested Action

- Team Leader Risk & Assurance to provide update to Committee on the progress of OR30817/18 'Animal Shelter improvement project'.
- Management to ensure that it is a requirement that all parties (including consultants), are provided with a copy and utilise Council's Risk Matrix when undertaking risk assessments.

Discussion

Management presented the report highlighting:

- a number of strategic risks have been completed, including:
 - SR13814/15 - marketing plan to improve the success of recruitment; and
 - SR14114/15 - Complaints Policy scheduled for adoption by Council at February 2021 meeting.
- four (4) high operational risks have also been completed including:
 - OR8416/17 - fit for purpose vehicle identified for approval of lifting equipment for larger animals;
 - OR29917/18 - animal management vehicles approved to have emergency amber lights fitted to vehicles;
 - OR30817/18 - budget reinstated for the improvement of the animal shelter; and
 - OR31017/18 - successful bid for animal shelter vehicle improvements.

Committee asked why the last reviewed date on extreme risk OR31117/18 'unregistered hazardous waste site' was showing as 20 December 2019.

- Management advised that this is an issue with CAMMS that is currently being investigated.

Committee asked why the risk rating on OR26320/21 had increased from high to extreme.

- Management advised that this risk was based on a climate change risk assessment conducted in 2017 by an external consultant with the ratings determined by the current year's risk and what the risk would be in 2030.

Committee asked if the 5x5 risk matrix model was used by external consultants.

- Management advised that it is encouraged by all stakeholders, however, it was not always known at the time that audits or assessments were being conducted by external parties.

Committee asked whether motor vehicle accidents and vandalism were recorded in risk register.



- Management advised that they are listed on the register, however, are not high or extreme risks.

6.7 Risk & Claims Report

Committee Resolution

That the Audit and Risk Management Committee noted the Risk and Claims Report.

Requested Action

- Nil

Discussion

Management presented the report noting the following:

- Underground power incident update - information provided by Manager Parks, Sport & Recreation advising that the following documents had been updated since the incident:
 - Safe Work Method Statements - Skid Steer Mini Loader and Excavator;
 - Standard Operating Procedures - Skid Steer Mini Digger, Excavator and Landscaping;
 - reiteration to staff to continue following procedures through Toolbox meetings; and
 - reiteration of contacting Dial Before You Dig prior to commencement of any earthworks
- quiet 12 months of public liability claims due to COVID lockdowns;
- no compensation claims in this reporting period;
- footpath incidents majority of notifications received;
- currently have three (3) public liability claims in excess of \$20k;
- three (3) motor vehicle incidents in reported period with Council being at fault in two (2) of these. A theme of repeat offenders with motor vehicle incidents. Risk and Assurance providing information to Fleet Committee with this information.
- seven (7) property claims with vandalism contributing to majority. Has slowly decreased since 1/07/2020, however, predicted to increase by end of financial year due to COVID restrictions easing.
- for claims exceeding \$5k, Risk & Assurance meet with relevant departments to discuss additional mitigation controls.

Committee asked if there was a consistent approach for incidents involving repeat offenders and whether this was being reviewed.

- Management advised that information is provided to the Fleet Committee outlining repeat offenders with such incidents being reviewed regularly.

Committee asked whether CCTV is located in Council facilities and whether consultation with other stakeholders is considered.

- Management advised that although CCTV is located in some buildings, it's not in all buildings and does not necessarily deter incidents. Council has been liaising with Victoria Police and community groups to further assist with protecting Council's assets.

6.8 Outstanding Audit Action Report – 5 January 2021

Committee Resolution

That the Audit and Risk Management Committee noted the Outstanding Audit Action Report.

Requested Action

- CEO and Manager Corporate Governance to review which audit recommendation dates should be reported on as being overdue, the original timeframe or revised timeframe.

Discussion

Management presented the report highlighting:

- 43 outstanding items, a decrease from previous reporting periods;
- Corporate Services has majority of recommendations; and
- five (5) overdue items, will be discussed in further detail in Overdue Audit Action Report.

Committee asked whether the overdue date is from the original date or revised date.

- Management advised it is from the revised date as it's more appropriate for ELT to assess from this date.

Committee asked why commentary had not been included in those audit items that had 'not started', in particular, Protective Data Security Plan report.

- Management advised that there had been changes in legislation around Protective Data, including new policy and procedure, with the actions likely to be superseded.

Kapil Kukreja, HLB Mann Judd representative entered meeting at 5.32pm.

Cr Kim O'Keeffe (Mayor) left meeting at 5.38pm.

6.9 Overdue Audit Action Report

Committee Resolution

That the Audit and Risk Management Committee noted the Overdue Audit Action Report.

Requested Action

- Nil

Discussion

Management presented the Overdue Audit Action report noting the following:

- five (5) overdue items for this reporting period including:
 - GOV1907 FN01-02 strategy for ensuring volunteer records are stored centrally;
 - GOV1909 FN01-01 update of Exercise of Delegations Policy ;
 - GOV1916 FN02-01 risk management training;
 - GOV2005 FN06-01 investigate other methods for storing Council's BCP documents ; and
 - GOV2008 FN02-02 development of identity and access management Policy.
- Corporate Services has responsibility of four (4) actions, while Community directorate has the remaining overdue action;

6.10 Risk & Assurance Annual Planner Progress Report – as at 28 January 2021

Committee Resolution

That the Audit and Risk Management Committee noted the Risk & Assurance Annual Planner Progress Report as at 28 January 2021.

Requested Action

- Nil

Discussion

Management presented the report highlighting:

- three (3) items have been completed including:
 - electronic key management system;
 - Corporate Procedure for the Management of Council Owned Facility Keys;
and
 - the online Risk Management training platform.
- ELMO will provide the online risk management platform for all staff with tracking of completion rates to be managed by People & Development;
- COVID has impacted on some of the key activities for Risk & Assurance.

The Committee asked whether Risk & Assurance was fully resourced.

- Management confirmed it is.

The Committee commended Management for using COVID as a discussion for the annual Business Continuity exercise.

6.11 Local Government Recent Reports and Publications Report

Committee Resolution

That the Audit and Risk Management Committee noted the Local Government Recent Reports and Publications Report.

Requested Action

- Manager Corporate Governance to confirm if the EPA Act will form part of legislative obligations for Council staff.

Discussion

HLB Mann Judd presented the report noting:

- Environmental Protection Act comes into effect on 1st July, triggering compliance considerations for Council;
- Sexual Harassment in Local Government - risk decreased through organisation culture changes; and
- Procurement and Contract Management remain a focus of Local Government.

Committee asked whether the EPA is being reviewed and will form part of the compliance activities for Council.

- Management advised that the EPA is a separate legislative compliance item for Council, however, will confirm and report to Committee.

6.12 Strategic Internal Audit Plan Status Report

Committee Resolution

That the Audit and Risk Management Committee noted the Strategic Internal Audit Plan Status Report.

Required Action

- Nil

Discussion

HLB Mann Judd presented the report highlighting:

- three (3) audits completed including:
 - Risk Culture;
 - OH&S; and
 - Fraud & Corruption Control Framework
- request to reschedule Service Plan audit and replace with Procurement review due to timing;
- Fraud and Corruption Control Framework report to be tabled at 12 May ARMC meeting;
- Follow-up audit draft report issue to Council, awaiting management responses.

Committee asked for an overview of the Fraud and Corruption Control Framework findings.

- HLB Mann Judd advised the following;
 - two medium and two low risks identified including
 - enhancements to existing Fraud and Corruption Policy to align with AS 8001-2008 standards;
 - periodic vendor and employee Masterfile reconciliations;
 - include fraud related roles and responsibilities in relevant officer's PD's; and
 - formally address declarations of conflicts of interest by all employees including recruitment.

Committee asked why the Fraud and Corruption Control Framework hadn't been presented to the Committee.

- HLB Mann Judd advised this was due to timelines.

Committee asked why the Service Planning review was deferred.

- Management advised that the Service Plan is receiving finishing touches and considered there to be no value in pursuing with this audit whilst it was still being finalised. It was identified by management that there would be more value-add for a procurement review. Management also consider the Service Planning review to go ahead in the 3rd or 4th quarter of this year.
- Management proposed that the Procurement Review replace the Victorian Protective Data Security Standards (VPDSS).
- Committee agreed for the Procurement review to replace the VPDSS.

HLB Mann Judd asked the Committee if they had a preference for the replacement of the Service Planning review.

- Committee agreed for the Waste Management review to replace Service Planning.

Committee asked whether Council conducts a fraud risk assessment.

- Management advised that one is conducted on an annual basis and is due for review.

7 New Business

Nil

8 Other Business

Discussion

Peter Harriott, CEO acknowledge and thanked both John and Anne for their assistance and hard work on behalf of the community and Council over the last five to six years.

9 Close of Meeting

Next meeting will be held Wednesday 12 May 2021.

Meeting closed at 6.07pm.