

MINUTES

Greater Shepparton City Council

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Wednesday 10 November 2021

Virtually by Zoom

COMMITTEE MEMBERS

Mr Goran Mitrevski (Chair)

Mr David Kortum

Mr Vivek Chopra

Mr Stephen Coates

Cr Kim O'Keeffe (Mayor)

Cr Rob Priestly

VISION

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

CHAIR
MR GORAN MITREVSKI

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Risk Level Matrix Legend

Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

Likelihood	Consequences				
	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Almost Certain (5) Would be expected to occur in most circumstances (daily/weekly)	LOW	MEDIUM	HIGH	EXTREME	EXTREME
Likely (4) Could probably occur in most circumstances (i.e. Monthly)	LOW	MEDIUM	MEDIUM	HIGH	EXTREME
Possible (3) Reasonable probability that it could occur (i.e. over 12 months)	LOW	LOW	MEDIUM	HIGH	HIGH
Unlikely (2) It is not expected to occur (i.e. 2-5 years)	LOW	LOW	LOW	MEDIUM	HIGH
Rare (1) May occur only in exceptional circumstances (i.e. within 10 years)	LOW	LOW	LOW	MEDIUM	HIGH

Extreme	Intolerable – Immediate action is required to mitigate this risk to an acceptable level. Event/Project/Activity is not to proceed without authorisation
High	Intolerable – Attention is needed to treat risk.
Medium	Variable – May be willing to accept the risk in conjunction with monitoring and controls
Low	Tolerable – Managed by routine procedures

Present

Attendees:

Committee Members

- Goran Mitrevski (Chair)
- David Kortum
- Vivek Chopra
- Stephen Coates
- Cr Kim O'Keeffe (Mayor)
- Cr Rob Priestly

Council Officers

- Peter Harriott - CEO
- Chris Teitzel - Director Corporate Services
- Darryl Hancock - Manager Corporate Governance
- Karen Liversidge - Manager People & Development
- Marie Barbance - Team Leader OH&S
- Matthew Jarvis - Manager Finance & Rates
- Hannah Shelton - Senior Financial Analyst
- Kelli Halden - Manager Projects
- Sam Rodriguez - Team Leader Contracts & Procurement
- Jodie Sessions - Team Leader Risk & Assurance

Internal Audit Representatives

- Kundai Mtsambiwa

1 Acknowledgement

"We, Greater Shepparton City Council, acknowledge the Yorta Yorta Peoples of the land which now comprises Greater Shepparton, we pay our 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.

Disclosure must occur immediately before the matter is considered or discussed.

Nil

4 Confirmation of Minutes of Previous Meetings

COMMITTEE RECOMMENDATION

That the minutes of the 8 September 2021 Audit and Risk Management Committee meeting as circulated, be confirmed.

5 Action Register

5.1 Action Register Report

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Action Register report.

Executive Summary

The Action Register allows the Audit and Risk Management Committee to monitor the status of actions identified at Committee meetings to ensure they are addressed promptly and completely.

Nine actions remain open from 11 August ARMC meeting. These are:

1. Team Leader Contracts & Procurement to identify whether incidences and dollar amounts can be included in future reports (**overdue**).
2. Team Leader OH&S to address the missing heading fields in the MySafety table.
3. Team Leader OH&S to provide an overview of eye safety management and who decides when it's required.
4. Team Leader OH&S to provide trending analysis in reports to the Committee to include: number of employee incidents and claims (**overdue**).
5. Team Leader OH&S to provide actions in future reports advising what controls have been put in place to minimise reported incidents of motor vehicles and childcare / early years (**overdue**).
6. Team Leader Risk & Assurance to report on the implementation of the new Fraud and Corruption Standards.
7. Manager Corporate Governance provide the Committee with confirmation on the process for reporting of Public Interest Disclosures for when a Senior Council Officer is suspected of committing the offence.
8. Manager Corporate Governance to provide Committee with update on how internal auditors will be assessed on their effectiveness of internal audits.
9. Manager ICT to provide the Committee with benchmarking data from the consultant in relation to testing of the Disaster Recovery Plan (DRP) and outline how Council is positioned, including any improvements for Council to make.

Further to this, 3 actions have been completed against the Action Register from the 11 August ARMC meeting, including:

1. Review of operational risk OR30817/18. Review occurred on 12 August and has been agreed to lower the risk from high to medium. Risk to be reviewed 6 monthly.
2. Review of operational risk OR27317/18 - unsafe driving practices resulting in injury or fatality. This risk was reviewed by Council Officers as part of the biannual operational risk review. Risk & Assurance will continue to provide quarterly fleet reports to the Fleet Management Committee allowing the Fleet Committee to monitor trends and repeat offenders.
3. Manager Finance & Rates to provide the July financial report to the Committee prior to the 8 September ARMC meeting.

The Responsible Officer assigned the action will provide an update to the Committee at the 10 November ARMC meeting.

Discussion and Questions from the Committee

The following action register items were discussed:

No.	Meeting Date	Agenda Item No.	Report	Responsibility	Action	Progress Comments	Completed
1	11/08/21 10/02/21	6.4	Procurement Policy and Procedure Compliance	Team Leader Contracts & Procurement	Overdue Identify whether incidences and dollar amounts can be included in future reports	Management included the incidents and dollar amounts in the report presented to the Committee at 10 November 2021.	10/11/21
2	11/08/21	7.2	OH&S Risk Report	Manager People & Development	Address missing heading fields in the MySafety table	Missing fields updated in report.	10/11/21
3	11/08/21	7.2	OH&S and WorkCover	Manager People & Development	Provide an overview of eye safety management and who decides when it's needed.	Eye safety is controlled through the use of PPE, Safety Data Sheets, Standard Operating Procedures (SOP's), Safe Work Method Statements (SWMS) and risk assessments.	10/11/21
4	9/06/21 11/08/21	7.2	OH&S and WorkCover	Manager People & Development	Overdue Provide trending analysis in reports to Committee i.e. claims, incidents, etc.	This was included in the report for the 10 November ARMC meeting	10/11/21
5	11/08/21 10/0/21 16/12/20	6.1	OH&S and WorkCover	Manager People & Development	Overdue 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	Manager P&D advised that all actions from a VERO report had been implemented to improve motor vehicle incidents, the Fleet Panel meet regularly to discuss incidents, P&D conduct reporting on employee's driver's licences ensuring no changes, reviews and	10/11/21

						<p>updates a number of sections on varying policies relating to driver behaviours.</p> <p>Childcare receives ongoing training, performance management, and children's behaviours are registered and discussed with parents with all incidents being investigated.</p> <p>Children with special needs are supported with additional resources through funding.</p>	
6	11/08/21	7.6	Fraud & Corruption	Team Leader Risk & Assurance	Report on the implementation of the new Fraud & Corruption Standards	Management advised that 32 items were identified in the new Standards and provided an overview of the main points for consideration.	10/11/21
7	11/08/21	7.6	Fraud & Corruption	Manager Corporate Governance	Provide Committee with process for reporting Public Interest Disclosures for when a Senior Council Officer is suspected of committing an offence.	Management advised that this would be reviewed and incorporated into the Fraud & Corruption Policy	28/02/22
8	11/08/21	8.5	Assessment of Overall Effectiveness and Performance of Internal Auditors	Manager Corporate Governance	Provide Committee with update on how internal auditors will be assessed on their effectiveness of internal audits	Management advised that Council would share the internal auditors questionnaires to Docs on Tap (M21/92241)	10/11/21

9	11/08/21	7.7	Disaster Recovery Plan	Manager ICT	Council to obtain benchmarking data from the consultant who conducted the penetration testing in relation to testing the DRP and outline how Council is positioned, including any improvements for Council.	Management advised that this would be reported at the 9 February 2022 ARMC meeting	Open
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Actions arising from the Committee Meeting

Nil

6 CEO

6.1 CEO Report

Author	Team Leader Risk and Assurance
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the verbal report from the CEO.

Executive Summary

CEO Peter Harriott provides a verbal report to the Committee, updating the members on key risks, key Council projects, issues or reports that could impact local government, and other items of significance worth noting, ensuring that the Committee is kept abreast of such items/situations.

Discussion and Questions from the Committee

- COVID
 - Continues to be a high risk within the Shepparton community;
 - Shepparton regularly ranked in top 10 throughout Victoria with case numbers;
 - 91% of eligible people within the Shepparton municipality fully vaccinated;
 - A positive case in child care;
 - Council continues to provide significant support in emergency response;
 - Council continues with regular COVID response meetings;
 - Jeroen Weimer, (Commander COVID Response) visited Shepparton
- Executive Update
 - Recruitment underway for 2 Director positions;
- SAM Opening
 - Cafe to be operated by Council on an interim basis;
 - Risks to be considered during opening due to unfinished works inside building
 - Official SAM opening 19th November;
 - Exhibition opens 20th November.
- Climate Change Risks
 - Provides risk and opportunity for Council including:
 - Heat impacts;
 - Mitigation strategies;
 - Zero Emissions 2030 Plan
 - Council working on action plan - due to be implemented early in new year
 - Council to revisit strategic risks and align with climate change risks
- Committee congratulated Council for their efforts and continued support to COVID
- Council is monitoring vaccinations status of employees, currently there are 15 staff are unvaccinated (approx. 1% of workforce)

- Committee asked whether service delivery would be impacted with minimal staff onsite coming into the Christmas period.
 - Management advised that staff take mandatory leave over Christmas will only minor staff working from the office and particular roles covered if staff unavailable.

Actions arising from the Committee Meeting

Nil

7 Policies / Procedures

7.1 Implementation of New Fraud and Corruption Standards Report

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the main points of the new Fraud and Corruption Standards to be considered and implemented.

Executive Summary

Council's Fraud and Corruption Control Policy (Policy) and Fraud and Corruption Control Procedure (Procedure) were adopted in May 2021, however, the Audit and Risk Management Committee (the Committee) advised Council Officers at the 11 August 2021 meeting that a revised Fraud and Corruption Standard was published in June 2021.

This Standard included 32 new items to consider and implement into the policy where appropriate. Not all 32 need to be implemented, however, the main references are included in the Background of this report.

Some of these changes are minor, however, there are many that will require further research ensuring that the appropriate information is captured in the updated Fraud and Corruption Policy and Procedure.

Discussion and Questions from the Committee

- Committee requested that management report back to the Committee on milestones achieved.

Actions arising from the Committee Meeting

1. Report on fraud and corruption milestones as implemented.

8 OH&S

8.1 OH&S Risk Report

Author	Manager People and Development
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the attached OHS Risk report.

Executive Summary

There are certain activities at Greater Shepparton City Council that pose a specific or significant risk under occupational health and safety. These risks are required to be managed in accordance with the following:

- Occupational Health and Safety Act 2004 (Victoria)
- Occupational Health and Safety Regulations 2007
- The new Occupational Health and Safety Regulations 2017
- Regulations Codes of Practice
- Industry Standards

Council will ensure compliance with the Acts, Regulations and all statutory requirements in regard to codes of practice and standards, as the minimum acceptable level. Council will make every reasonable effort to provide a safe working culture and working environment that minimises the risks of injury, ill health or damage to property. This will be achieved through:

- Integrated workplace policies and procedures;
- Clear systems of responsibility and accountability;
- The provision of information, instruction, training, and supervision of Employees and contractors to ensure safe work practices;
- Consulting regularly with Employees on health and safety issues that affect them;
- Continually identifying, assessing and controlling possible risks and hazards;
- Providing safe plant, equipment, resources and systems, including emergency preparation and response;
- Addressing and investigating issues and incidents, promptly, efficiently and effectively;
- Assisting injured workers to return to work as soon as possible;
- Reporting and recording all workplace incidents;
- Monitoring, evaluating and improving health, safety and wellbeing management systems.

Discussion and Questions from the Committee

- Committee asked who was involved in the risk assessment process for identifying the high risks.
 - Management advised it consisted of Team Leader OH&S and Manager People & Development. Management also advised they were comfortable with the mitigating controls assigned to each of the high risks.

- Committee asked whether external testing would occur to test the effectiveness of the controls.
 - Management advised that the controls would be considered effective by tracking the number of hazards/incidents reported and any legislative updates.
- Committee asked whether Council had a risk appetite statement.
 - Management advised that it is currently under review.
- Committee asked whether Council had processes for communicating OH&S to staff.
 - Management advised this occurs through a number of means including:
 - Formal OH&S inductions;
 - Monthly Toolbox meetings;
 - OH&S training (face to face and online);
 - Site and role specific training e.g. manual handling, bitumen management, etc.; and
 - Health and Wellbeing training

Action Required from the Committee

Nil

8.2 OH&S and WorkCover Report

8.2 OH&S and WorkCover Report

Author	Team Leader OH&S
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the attached OHS and WorkCover report.

Executive Summary

The OHS and Workcover report is presented to the ARMC to provide an overview of activities that have occurred within Greater Shepparton City Council between July 2021 and October 2021, to both respond to and prevent incidents and issues occurring, which may cause risk or harm to both employees and the organisation and which would likely breach the Occupational Health and Safety Act 2004 and the Workers Rehabilitation Act 2013

A summary of the report is as follows:

1. Number of Incidents reported (including Incidents, Hazards and Near Misses) broken down by directorate;
2. Control Measures in place for high risk incidents;
3. WorkSafe and Entry Reports – with resulting actions;
4. Update of Alcohol and Other Drug testing program;
5. Update on WorkCover Premium for 2021/2022;
6. Results of Work Healthy Australia program for Recruitment, Fitness for Duties and Return to Work;
7. Claims Duration Comparison;
8. Changes in relevant legislation;
9. Contractors/Volunteers OHS Inductions;
10. Actions taken to reduce Motor Vehicle Incidents;
11. Actions taken to address Child related Incidents.

Discussion and Questions from the Committee

- Incident analysis included in report with impact with object being the highest reported;
- Trending analysis including in report, broken into directorates with 36 incidents during reporting period;
- All incidents addressed with the inclusion of further training; regularly updating key documents including: SWMS, My Safety Book, SOP's, etc.
- Eye safety - managed through the use of PPE, SDS, SOP's SWMS and risk assessments;
- No new WorkSafe entry reports during reporting period;
- WorkSafe Provisional Improvement Notices issued to Council (PIN) have been checked and actioned appropriately, no further action required;
- Drug and alcohol testing has not been conducted for number of months due to COVID, however, due to recommence late November;
- WorkCover claims being managed well with minimal claims;

- A total of 14,104 volunteers and contractors inductions have been completed in the previous 3 years;
- Motor vehicle incidents - all recommended actions from a Vero report have been implemented, OH&S responsibilities included in PD's, Fleet Panel meets regularly to assess number of incidents and whether action required, regular checks conducted on driver's licenses, policies/procedures reviewed and updated regularly; and
- Childcare incidents are monitored as required including: continual training, performance management, additional resources provided for children with special needs, when an incident occurs, child behaviours are registered and parents are contacted with discussions occurring. As a result of an incident, each is followed up with an investigation.

Actions arising from the Committee Meeting

Nil

9 Finance

9.1 Monthly Finance Report

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

COMMITTEE RECOMMENDATION

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

Executive Summary

The Finance Report provides information on Greater Shepparton City Council's (Council) forecast financial performance compared to Adopted Budget. This report incorporates information from the September Monthly Finance Report (as at 30 September 2021).

The main items identified in the report are:

- Year to Date (YTD) accounting surplus of \$61.5 million is \$1.4 million (2.2%) less than the YTD Adopted Budget, largely due to an unfavourable YTD variance in capital grants.
- The Full Year Projected accounting surplus of \$20.1 million is \$1.97 million (10.8%) greater than the Full Year Adopted Budget. This is mostly due to increases in capital grants and operating grants.
- Outstanding sundry and rates debtor balance are within normal ranges, with the exception of one invoice which is expected to be paid by the next reporting date.
- YTD Capital Works expenditure of \$6.3 million is \$1.4 million (18%) less than the YTD Adopted Budget, mainly due to timing of works in Plant, Machinery & Equipment, Waste Management and Recreational Leisure & Community Facilities.
- Full Year Projected user fees has decreased by \$1.85 million (9.6%), mostly due to the temporary closure and restricted operations of some of Council services during COVID lockdowns.
- The Financial Plan (10-year forecast of Council's finances) has been adopted by Council and can be viewed on Council's website.

Discussion and Questions from the Committee

- Report is for September end of month;
- Variances referenced in report; and
- Follow-up items including:
 - Large outstanding invoice for SAM. Hasn't been paid to date due to the raised invoice date being outside the terms. Invoice reissued;
 - Council endorsed COVID Stage 3 economic package;
 - User-fees have been affected;
 - Debtor borrowing - \$12M planned, however, may have an option to accept this with lowered interest rates;
 - 10 year liquidity looking reasonable for Council;

- Council expected to have an operating surplus by 2026/2027, however, will be dependent on annual rate increases and material and services reduction in expenses.
- Committee asked whether Council had an action to reign in user fees.
 - Management advised it was difficult to forecast with COVID proving challenging, however, Council will be in a better position to address user-fees at the next meeting. Council using a conservative approach. Some user fees recoverable, however, support packages to offset and won't be able to recover all.
- Committee asked whether there is an option to include analysis in future finance reports.
 - Management advised this could happen.

Actions arising from the Committee Meeting

1. Inclusion of analysis in future reports for user fees.

10 Compliance with Legislation

10.1 Compliance with Local Government Act

Author	Governance Compliance Officer
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Legislative Compliance Report as of 30 September 2021.

Executive Summary

This report provides an overview of Council's compliance with the *Local Government Act 2020* (Vic) and other monitored legislation.

Of a total of 419 obligations, Council officers have reported compliance with 284 of 284 assessed obligations. One hundred and thirty-five mostly new obligations have been assigned but are yet to be assessed. Recent changes to legislation has seen a substantial increase in potential new obligations which Council Officers will now assess.

Discussion and Questions from the Committee

Nil

Actions arising from the Committee Meeting

Nil

10.2 Compliance with Procurement Policy/Guidelines Report

Author	Team Leader, Contracts & Procurement
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the compliance report with regard to purchase orders and purchase requisitions.

Executive Summary

The Audit and Risk Management Committee has responsibility to monitor compliance with the requirements of Council Policies and Procedures.

As procurement is a critical function of Council, the following reports are presented to the Audit and Risk Management Committee for review:

1. Purchase orders raised after invoice; and
2. Requisitions rejected by Procurement and subsequently approved by the Responsible Officer.

These reports are currently presented to the Executive on a quarterly basis for information purposes only.

Discussion and Questions from the Committee

- Committee asked whether the dates in the 'Purchase Orders Raised after Invoice' table were reflective of 2020/2021 or 2021/2022.
 - Management advised that they were for the 2020/2021 period.
- Committee asked whether there is a list of exemptions for PO's raised after invoice.
 - Management advised that staff are typically guided through the exemption process by the Contracts and Procurement team.
 - PO's raised after receiving invoice do not relate to utilities.
 - There may be instances where a contract has expired as an example and may need an exemption
 - New Procurement Policy to be adopted by 31 December 2021.

Actions arising from the Committee Meeting

1. Provide updated data to the Committee for 2021/2022 period for 'Purchase Orders Raised after Invoice'.

11 Risk Registers

11.1 Operational Risk Report

Author Risk & Insurance Advisor
 Approved by Director Corporate Services
 Purpose Information Only

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the High Operational Risk report for the period 1 July to 30 September 2021.

Executive Summary

The high operational risk register is presented to the Audit and Risk Management Committee on a quarterly basis to assist in providing assurance that risks are being managed effectively. This report is for the period 1 July to 30 September 2021.

For this reporting period, the risks identified include:

- 0 extreme;
- 1 high; and
- 0 overdue risk actions.

Further to this, the Audit and Risk Management Committee should consider the discussion points and whether further action is required to mitigate any of the high rated risks listed in this report.

Risk & Assurance were able to work with two risk owners of previously high risks to lower the ratings:

- **OR30817/18 - Animal Shelter is not compliant with Domestic Animals Act 1994 and mandatory Code of Practice for the management of dogs and cats in shelters and pounds.**
 - Management agreed that with the additional work being conducted at the Animal Shelter, and with the current controls in place that this risk could be reduced from high to medium. Additional improvements to the Animal shelter are also being considered including the installation of cameras to assist with the staff and animal safety.
- **OR27317/18 - Unsafe driving practices resulting in injury or fatality.**
 - A review of the risk reassessed this risk from high to medium based on the likelihood of the consequences that could arise, given the current controls that are in place.

Discussion and Questions from the Committee

- One high risk remains on the register.
 - Will continue to remain as a high due to the nature of the risk.
 - Number of authorities collaborating together
 - Council continue to have involvement with the decision-making process
- Two previously recorded high risks have now been reduced to medium and only need to be reviewed and reported 6 monthly.

- **OR3111/18 - Unregistered hazardous waste site.**
 - This risk remains high with one control which consists of having the Greater Shepparton Municipal Emergency Management Planning Committee – Sub Committee established.
 - There are no risk actions in place for this particular risk, however, in order for this risk to be reduced further, it is recommended that additional controls are implemented to mitigate this risk.
 - Council is in regular consultation with other authorities in relation to this ongoing risk including: CFA, Vic Police, Goulburn Valley Water, Department of Education and Training, Goulburn Broken Catchment Management Authority (GBCMA), Environmental Protection Authority (EPA), etc.

This risk will continue to remain high and will continue to be ongoing due to the nature of the risk.

Actions arising from the Committee

Nil

11.2 Project Risk Report

Author	Manager Projects
Approved by	Director Infrastructure
Purpose	For Noting

COMMITTEE RECOMMENDATION

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

Executive Summary

To comply with the Risk Management Policy, Council is required to present high and extreme project risks for four major projects quarterly to the Audit and Risk Management Committee.

The Manager Projects will provide a verbal update on four major projects that Council are currently undertaking as listed below:

1. Wyndham and Fitzjohn Streets Intersection Upgrade
2. Maude Street – Vaughan to High Street, Stages 3 and 4
3. Maude Street Mall Redevelopment
4. Cosgrove 3 Landfill, Cell 2 Construction

Discussion and Questions from the Committee

- Wyndham/Fitzjohn Streets intersection upgrades
 - Key stakeholders met with Regional Roads Victoria (RRV) and Shepparton Alliance to find solution for having the traffic lights activated.
- Maude/Vaughan/High Streets
 - construction complete, handed back to Council.
 - Council has 12 month to respond to any defects related to construction.
- Maude Street Mall Redevelopment
 - contract awarded to JDC Constructions
 - construction has commenced although minimal to occur coming into Christmas trade period
 - Council has conducted OH&S onsite inductions with contractor
 - Council working on agreements with third parties
 - Council in constant communication with traders
- Cosgrove 3 - Cell Construction
 - Contract awarded to Apex
 - Works have commenced however will continue into early 2022 due to delay in receiving geotechnical equipment.
- Committee asked how emerging risks are dealt with.
 - Management advised that regular meetings are conducted onsite with the contractor, including OH&S and WorkSafe visits conducted.

Actions arising from the Committee

Nil

12 Insurance

12.1 Insurance Claims Report - Quarter 1 2021/22

Author	Risk & Insurance Advisor
Approved by	Director Community
Purpose	Information Only

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Insurance Claims Report for period 1 July – 30 September 2021

Executive Summary

The insurance claims report is provided to the Committee for quarterly review, that being for the period 1 July to 30 September 2021.

- No public liability claims received in the reporting period

The Risk & Assurance team continues liaising with relevant departments to assist with mitigating risk and public liability claims.

Discussion and Questions from the Committee

Nil

Actions arising from the Committee Meeting

Nil

12.2 Annual Insurance Policy Schedule Report

Author	Risk and Insurance Advisor
Approved by	Director Corporate Services
Purpose	Information Only

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Annual Insurance Policy Schedule report for the 2021/2022 financial year.

Executive Summary

The hardening insurance market along with COVID-19 have had an impact on the insurance industry. Insurers have taken a more conservative approach by placing a higher scrutiny on risks, increasing rates and deductibles and offering restrictive levels of cover, while other insurers have walked away.

This along with Council's claims history had an impact on our premiums for the 2021/2022 financial year, with an overall increase of just over \$200,000 or 16%.

Discussion and Questions from the Committee

- Report presented as information only; and
- Acknowledgement of current insurance policies and premiums;
- Committee asked whether ransomware was covered under the Cyber Crime Policy
 - Management advised they would confirm with broker and respond to Committee.

Action Required from the Committee

1. Confirm if ransomware is covered under the Cyber Crime Policy.

13 Business Continuity

13.1 Business Continuity 2021 - COVID-19 Response

Author	Assurance and Continuity Officer
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Business Continuity 2021 - COVID-19 Response.

Executive Summary

In 2021, Council conducted a review of its response to the COVID-19 Pandemic rather than conduct a Business Continuity exercise for 2021.

The functionality, relevance and effectiveness of the Business Continuity Plan during a real time event was reviewed. Suggestions for improvement were discussed along with a review of the delivery of critical services. Considerations were also given to the adaptability, work flexibility and mental welfare of the staff.

Overall, the participants concluded that the Business Continuity Plan and the Business Continuity Team were, and continue to provide, effective resources and support for the Council in the management of a real time event. The adaptability of the staff to a rapidly changing environment and its demands is one of Councils greatest assets, along with the processes that are in place to help manage such events.

Discussion and Questions from the Committee

- Annual exercise was based on the real life Pandemic emergency
- BCP activated very early on in Pandemic
- BC Team liaising daily with Executive regarding facility closures
- Critical functions remained open during Pandemic with majority of facilities affected in some way
- BC Team constantly reviewing as Directions eased/changed
- Staff welfare checks conducted on all staff through Pandemic (surveys distributed), good result with majority of staff feeling adequately supported.
- Committee asked whether staff undertook OH&S assessment when working from home.
 - Management advised that staff did this, however, the initial phase was ad-hoc due to the rapidness of the Pandemic. More stringent process in place now. OH&S are conducting home visits to ensure staff are adhering to the working from home arrangements.
- Committee asked whether the pandemic built on capabilities within the BC Team and Council.
 - Management advised that it had.

Actions arising from the Committee Meeting

Nil

14 Environment

14.1 Climate Change Mitigating Actions Report

Author Manager Environment
 Approved by Director Sustainable Development
 Purpose For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the actions undertaken by Council to mitigate and adapt to climate change.

Executive Summary

Greater Shepparton City Council declared a Climate Emergency and adopted a 2030 Zero Carbon Emission Target in March 2020 in response to the latest science outlining the need for urgent and rapid action on climate change and to calls for action from the community over the summer of 2019/20.

This declaration builds on the work that Council has undertaken over the past two decades including the Climate Adaptation Plan, Energy Reduction Plan and various energy efficiency projects.

Discussion and Questions from the Committee

- Committee asked whether mitigating actions could be included in the 'Conclusion' section of the report and for the inclusion of actions mapped out in next report.
 - Management advised the mapped actions will be included in next report and also confirmed for the mitigating actions to be included in the Conclusion.
- Committee asked whether these risks would be reported through ESG reporting.
 - Management advised that the actions will form part of operational reporting needs. Every activity that Council undertakes will need to consider environmental impacts.
 - Management also advised that these are linked into the Council Plan and now need to communicate this to get the community onboard.

Actions arising from the Committee

1. Provide mitigating actions in Conclusion of report.
2. Map mitigating actions in next report to Committee.

15 Internal Audit

s

15.1 Overdue Audit Items Report

Author Assurance & Continuity Officer
 Approved by Director Corporate Services
 Purpose For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the Overdue Audit Actions report.

Executive Summary

The following is an overview of the current overdue actions as at 30 September 2021.

Audit	Overdue Actions
Risk Culture	4
Fraud and Corruption	1
OH&S	3

Discussion and Questions from the Committee

- Committee noted that the original timeframes had lapsed. What is management's process for extending overdue items?
 - Management advised there is a process, however, it is dependent on the risk rating, and for example high rated risks are not provided an option to extend.
 - Low rated risks would require Director/Manager approval.
 - Extensions will be assessed on case by case basis depending on a number of factors, including: budgetary constraints, resourcing, etc.

Actions arising from the Committee

1. Include implementation dates in the progress comments.

15.2 Internal Audit Status Report

Author	Assurance & Continuity Officer
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee:

1. note the Status Update on Internal Audits Report; and
2. note the Waste Management & Planning Review.

Executive Summary

This report provides an update on the status of internal audits that have been conducted, completed and pending. These include:

Concluded audit:

1. Waste Management and Planning including landfill management – presentation to Committee in this meeting. Full Report attached.

In progress audits include:

1. Procurement and Probity review. Currently awaiting draft management comment before final sign-off.

Upcoming audits include:

1. ICT General Controls (Late Oct 2021 commencement); and
2. Public Participation & Community Engagement (Nov 2021 commencement)

The reports will be presented by a HLB Mann Judd representative.

Discussion and Questions from the Committee

- Waste Management & Planning
 - completed and will be presented at 9 February 2022 meeting;
- Procurement & Probity
 - Awaiting management comments for finalisation
 - Will be presented at 9 February 2022 meeting
- 2021/2022 audits have commenced including:
 - IT Generals Controls; and
 - Public Participation and Community Engagement
- Committee asked whether the IT Generals Controls audit had commenced.
 - HLB Mann Judd advised it commenced late October.
- Committee asked what steps management will take in managing responses?
 - Management advised that the draft reports are workflowed to responsible officers and management for comment and sign-off

- Committee asked whether Janelle was responsible for the Waste Management & Planning review.
 - Management advised that a restructure occurred.
 - Waste and Works have been split into two
- Committee asked whether respective managers for each audit would be able to attend the meetings.
- Committee asked why the status of completion on page 103 was not filled out.
 - HLB Mann Judd advised that this was due to the actual findings from the review being complete.
- Committee asked whether there were any high rated findings worth noting.
 - HLB Mann Judd advised that there were, however, also noted that these would be reported at the 9 February 2022 meeting.
 - Management also advised that exit meetings are conducted with key stakeholders, giving all an opportunity to provide feedback.

Actions arising from the Committee Meeting

1. Invite respective Managers to speak to each audit conducted in their respective areas to future meetings.

16 ARMC Functions

16.1 Charter and Work Plan

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Discussion

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee review and provide feedback, including suggested changes to the Charter and Work Plan.

Executive Summary

On an annual basis, the Audit and Risk Management Committee (Committee) Charter must be reviewed by the Committee and then adopted by Council.

The Audit and Risk Management Committee Work Plan is to be reviewed and endorsed by the Committee annually.

Discussion and Questions from the Committee

- Committee asked whether the functions tie in the the Committee's responsibilities.
 - Management advised that it doesn't due to the changes with the agenda.
- Committee asked whether there should be a more formal requirement for internal and external auditors i.e. you are required to attend rather than you may be required.
 - Management agreed with this comment.
- Section 4.5 of the Charter - does the CEO need to attend in camera sessions. Suggested to remove CEO from these meetings.
 - Management advised that they would consider removing this from the Charter to align with best practice.

Actions arising from the Committee Meeting

1. Review Committees functions and responsibilities ensuring they align
2. Consider changing the wording in Charter from 'you are required to attend' to 'you may be required to attend'; and
3. Remove CEO from in-camera sessions

16.2 Audit and Risk Biannual Report - June to October 2021 - Committee Chair

16.2 ARMC Chair Biannual Activities Report

Author	Chair of the Audit and Risk Management Committee
Approved by	Director Corporate Services
Purpose	For Noting

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the ARMC Chair Biannual Activities report.

Executive Summary

The Greater Shepparton City Council (Council) established the Audit & Risk Management Committee (The Committee) pursuant to Section 53 of the Local Government Act 2020 (the Act).

The Committee's role is to support Council in its oversight of financial and performance reporting, fraud prevention and risk management, through sound internal controls and assurance activities such as compliance reviews, internal and external audits. Council's review and audit programs are to be established to ensure compliance with its policies and legislative requirements.

The Committee acts in this capacity through monitoring and oversight of compliance against Council policies and procedures with regards to:

- the overarching governance principles
- the Act and the regulations
- Ministerial directions, and
- any other relevant laws and regulations.

As detailed in the Committee Charter, the Committee is an independent Advisory Committee to Council formed pursuant to Section 139 of the Local Government Act 1989. The Charter requires the Chair to report biannually to Council describing the activities of the Committee during the period, including the Committee's findings, recommendations, and agreed actions.

The Committee reviews the following functions:

- Financial and Performance Governance
- External Audit
- Internal Audit
- Compliance
- Risk Management
- Internal Control Environment
- Legislative Compliance
- Related Third Parties
- Ethics and Conduct
- Other Matters deemed necessary

Discussion and Questions from the Committee

Nil

Actions arising from the Committee Meeting

Nil

17 Any Other Business

17.1 Proposed Meeting Dates for 2022

Author Team Leader Risk & Assurance
 Approved by Director Corporate Services
 Purpose For Decision

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee approve the proposed scheduled meeting dates for 2022 as follows:

1. 9 February 2022;
2. 11 May 2022;
3. 10 August 2022;
4. 7 September 2022 (Financial and Performance Statements); and
5. 9 November 2022

Executive Summary

In accordance with the Audit and Risk Management Committee's Charter, the Committee is to meet a minimum of five times a year, including a defined meetings held in September of each year focusing on the draft Financial and Performance Statements.

The purpose of the report is to establish the schedule of meetings for 2022 with the exception of September to be provided by Manager Finance and Rates.

The proposed dates are:

- 9 February 2022;
- 11 May 2022;
- 10 August 2022;
- 7 September 2022; and
- 9 November 2022

Discussion and Questions from the Committee

- Committee agreed with the proposed meeting dates for 2022.

Actions arising from the Committee Meeting

Nil

19 Date of Next Meeting

Meeting closed at 6.04pm.

Next meeting: Wednesday, 9 February 2022 at 4pm.