



ATTACHMENTS

**Under Separate Cover
Ordinary Council Meeting**

6.00pm Tuesday 28 May 2019

Table of Contents

7.11	Audit & Risk Committee Report - 14 May 2019	
	Attachment 1 Audit & Risk Committee Meeting Minutes	4



MINUTES

Audit and Risk Committee Meeting

9.30am Tuesday 14 May 2019

VENUE:
Bannockburn Shire Hall
Council Chambers
12 High Street, Bannockburn

NEXT AUDIT AND RISK COMMITTEE MEETING
9.30am Tuesday 10 September 2019

Copies of Golden Plains Shire Council's Agendas & Minutes
Can be obtained online at www.goldenplains.vic.gov.au

Order Of Business

1	Apologies and Leave of Absence	3
2	Confirmation of Minutes	3
3	Declaration of Conflict of Interest.....	3
4	Council Reports	4
4.1	Audit Committee Action Items	4
4.2	Gifts, Benefits & Hospitality Register	4
4.3	Published Reports Register.....	5
4.4	Strategic Internal Audit Plan - Outstanding Recommendations	5
4.5	Update on Privacy and Compliance Actions.....	6
4.6	Major Projects - Risk Assessment	6
4.7	Quarterly Finance Report	7
4.8	Quarterly Risk Report Q3 2018-19	8
4.9	Annual Review of Risk Management Strategy.....	9
4.10	Insurance Renewal Program 2019-20	9
4.11	Progress Update - Business Continuity Plan	10
4.12	Internal Audit Reports.....	10
4.13	VAGO Interim Audit Outcomes and Management Letter	11
4.14	VAGO - Results of the 2017-18 Audits - Local Government	12
4.15	Local Government Inspectorate – Golden Plains Shire Council Examination Report.....	13
4.16	Review of Audit & Risk Committee Charter	13
4.17	Local Government Performance Reporting Indicators - Progress Report	14
4.18	Related Party Transactions	15
4.19	Update on Health and Wellbeing Survey	15
5	Other Business	16
5.1	Members Only Session	16
6	Date of Next Meeting	16
7	Close of Meeting	16

**MINUTES OF GOLDEN PLAINS SHIRE COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE BANNOCKBURN SHIRE HALL, COUNCIL CHAMBERS, 12 HIGH STREET,
BANNOCKBURN
ON TUESDAY, 14 MAY 2019 AT 9.30AM**

PRESENT: Mr Peter Bollen (Chair), Mr Joe Adamski, Mr Andrew Pearce, Cr Owen Sharkey (Mayor), Cr David Evans

IN ATTENDANCE: Eric Braslis (CEO), Philippa O'Sullivan (Director Corporate Services), Greg Anders (Director Assets & Amenity), Claire Tehan (People & Culture Manager), Fiona Rae (Finance Manager), Rebecca Failla (ICT & Digital Transformation Manager), Candice Holloway (Corporate Governance Coordinator), Emily Chapman (Corporate Services Administration Officer), Paul McVeigh (Risk Management Officer) Vanessa Polkinghorne (Acting Team Leader Safety & Risk), Gabrielle Castree (Internal Auditor), Thivya Mahendran (Internal Auditor)

ABSENT: John Gavens (Internal Auditor)

1 APOLOGIES AND LEAVE OF ABSENCE

Nil

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Mr Andrew Pearce

That the minutes of the Audit and Risk Committee Meeting held on 12 February 2019 be confirmed with amendments to items 4.1, 4.7 and 5.1 as requested.

CARRIED

3 DECLARATION OF CONFLICT OF INTEREST

Committee members must disclose a conflict of interest in accordance with Section 79 of the *Local Government Act 1989*.

Nil declared.

4 COUNCIL REPORTS**4.1 AUDIT COMMITTEE ACTION ITEMS****EXECUTIVE SUMMARY**

The purpose of this report is to update the Committee on the progress of all actions requested in the previous meeting held on 12th February 2019.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr David Evans

That the Audit & Risk Committee note the progress on actions from previous meeting held on 12th February 2019.

CARRIED**ACTION**

1. Owner column on Action List to be updated with position titles, replacing names on future reports.

4.2 GIFTS, BENEFITS & HOSPITALITY REGISTER**EXECUTIVE SUMMARY**

To ensure compliance with the Local Government Act, Council has established a record of gifts, benefits and hospitality received by Councillors and Council Officers.

The Gifts, Benefits and Hospitality Register is to be reviewed annually by the Audit and Risk Committee.

COMMITTEE RESOLUTION

Moved: Cr David Evans

Seconded: Cr Owen Sharkey

That the Audit & Risk Committee note the gifts, benefits and hospitality received by Councillors and Council Officers over the last 12 months. Period ending 30 April 2019.

CARRIED**ACTION**

1. Update report to make note of what aggregate column relates to.

4.3 PUBLISHED REPORTS REGISTER**EXECUTIVE SUMMARY**

The Reports and Publications of interest provides a summary of key industry reports that have been released over the last three months which identifies outcomes from audits or reviews which may impact on Golden Plains Shire.

The report is provided for the Audit and Risk Committee's noting.

COMMITTEE RESOLUTION

Moved: Cr David Evans

Seconded: Cr Owen Sharkey

That the Audit & Risk Committee note the Reports and Publications of Interest (January 2019 to March 2019) as prepared by Internal Auditors, Crowe Horwath.

CARRIED

ACTION

1. Management comments to be updated on future reports

4.4 STRATEGIC INTERNAL AUDIT PLAN - OUTSTANDING RECOMMENDATIONS**EXECUTIVE SUMMARY**

The purpose of this report is to update the Committee on the progress of all internal audit recommendations within the Strategic Internal Audit Plan (**SIAP**).

Following the Audit and Risk Committee Meeting held on 12 February 2019 Management have considered the relevance of each of the audit recommendations and the agreed actions and as a result have closed off a further 23 recommendations.

Many of the closed audit recommendations are from the Privacy and Compliance Audit and relate to the Information Governance Framework which is being developed by the Digital Transformation Manager. An update on this Framework will be provided in the following report.

Out of the total of 119 agreed actions, only 12 remain outstanding. 5 of these are from the Privacy and Compliance Audit and a detailed update will also be included in the following report by the Digital Transformation Manager.

The other 7 remaining actions are from the Data Analytics Audit and many of these will be addressed by a clean-up of the vendor Master file which is due for completion by 31 August 2019.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Joe Adamski

That the Committee notes the updates and closed actions on the Strategic Internal Audit Plan – Outstanding Recommendations report.

CARRIED

ACTION:

That Internal Audit include a follow up review of the areas as part of its Strategic Internal Audit Plan

4.5 UPDATE ON PRIVACY AND COMPLIANCE ACTIONS

EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the progress of all risks identified in the Strategic Internal Audit Plan.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Cr Owen Sharkey

That the committee notes the progress made on Privacy and Compliance with reference to the nineteen medium risk and two low risks identified in the Strategic Internal Audit Plan 2015 – 2018.

CARRIED

4.6 MAJOR PROJECTS - RISK ASSESSMENT

EXECUTIVE SUMMARY

This Report is a progress update in relation to:

1. the construction of the Golden Plains Community & Civic Centre Project ('the **GPCCC Project**'); and
2. the construction of the Bannockburn Heart Precinct ('the **Heart Project**').

Golden Plains Shire Council (**GPSC**) endorsed the development of the GPCCC and the Heart projects in February 2019.

Both projects provide significant benefit to the Golden Plains Shire community and council staff and due to the significant size of both projects budgets and also community profile and interest, a formal governance structure has been established under the leadership of the Chief Executive Officer.

The formal governance structure includes the establishment of a Project Steering Committee (PSG) that meets weekly to monitor the following the key areas of the project:

- Project status update
- Managing existing and emerging risks
- Communications both internally and externally for all stakeholders
- Monitoring of project budgets
- Occupational health and Safety issues and discussion.
- General business

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce
Seconded: Cr Owen Sharkey

That Audit and Risk Committee Council receive and note the progress update on the Golden Plains Community and Civic Centre and Heart Projects including the governance, compliance and risk management of the projects.

CARRIED

ACTION

1. That the risk assessment for consultation splits out risks for community and risks for staff.

4.7 QUARTERLY FINANCE REPORT**EXECUTIVE SUMMARY**

The purpose of this report is to:

1. Present the quarterly budget report for the Committee's review and consideration prior to it being presented to Council in accordance with the *Local Government Act 1989*; and
2. Update the Committee on any current or emerging issues that may have an impact on Council's financial position or sustainability.

The Income Statement shows total operating revenue of \$34.2m and total operating expenditure of \$28.3m, which results in a year to date surplus of \$5.9m. This is \$146k favourable compared to the March Year to Date (YTD) adopted budget.

The Capital Works Statement shows total capital works expenditure of \$8.3m, which is \$2.6m below the March YTD adopted budget, with the March forecast capital works program revised from \$20.9m to \$14.0m with \$6.9m forecast to carry over to 2019-20.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Joe Adamski

That the Audit and Risk Committee:

1. Note the Finance Report, and
2. That the Budget Report for the 9 months ended 31 March 2019 be noted.

CARRIED

ACTIONS:

1. Provide report to Audit & Risk Committee on operational grants as requested by Cr David Evans
2. Investigate and report back to Audit & Risk Committee on Community Transport budget
3. Provide a note under the borrowings table to further explain the loan term
4. Provide a comment in the 2018/19 budget report on how the waste management savings in 2018/19 will be treated.

4.8 QUARTERLY RISK REPORT Q3 2018-19**EXECUTIVE SUMMARY**

The OHS performance and risk management data presented in this report is from 15 December 2018 to 31 March 2019.

The number of incidents reported this quarter was 18. This exceeded the average measured over the last 5-years. Of all of the incidents reported, one resulted in lost time.

Overall, the lost time injury frequency rate (LTIRF) is below the Municipal Association of Victoria (MAV) benchmark and the lost time injury severity rate (LTISR) is below the 5-year average experienced at the Council.

The concerning theme identified is the adult to adult incidents which trigger the classification of exposure to workplace or occupational violence. This warranted actions to be implemented as a matter of priority.

The number of hazards reported during the quarter was 6, less than half of the number of incidents which occurred. This draws attention to the need to enhance hazard reporting, with the aim to address issues and prevent incidents occurring.

The ongoing implementation of PlainSafe gives the opportunity to maintain attention on OHS through consultation, and through encouraging hazard reporting.

In the Health and Wellbeing area, a key action has been getting staff feedback on a range of issues including healthy eating, physical activity and mental health. The feedback will be used to establish health and wellbeing focussed programs in the future.

No new public liability insurance claims were made against the Council during the quarter, and management of active claims progressed. Further activity centred on the preparation and lodgement of declarations for Council's Insurance Renewal Program 2019-20.

Minor claims made by the Council related to addressing graffiti, theft, attempted break-in and motor vehicle damage.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Cr David Evans

That the Committee note the Quarterly Risk Report for the quarter ended 31 March 2019.

CARRIED

4.9 ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY**EXECUTIVE SUMMARY**

Golden Plains Shire Council has established a strategic risk register. To ensure the strategic risk register continues to be effective and adequate, Internal Audit has undertaken a review on the strategic risk register and risk assessment process and will provide recommendations to the ongoing development and improvement of Council's risk Management initiatives. The scope of this work is provided in Attachment 1.

In addition, an overview of the risk management process is provided in Attachment 2.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Joe Adamski

That the Audit & Risk Committee

1. Note the progress of Internal Audit's review of Golden Plains Shire Council's Risk Management framework and processes
2. Note the draft risk management framework to a guide management and staff in effectively managing key risks of council

CARRIED

ACTION

1. Arrange an out of session workshop for Audit & Risk Committee members to discuss strategic risks for the Council prior to September meeting

4.10 INSURANCE RENEWAL PROGRAM 2019-20**EXECUTIVE SUMMARY**

This report provides the Audit and Risk Committee with an update on Council's Insurance Renewal Program for 2019-20.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Andrew Pearce

That the Committee note the Insurance Renewal Program update report.

4.11 PROGRESS UPDATE - BUSINESS CONTINUITY PLAN**EXECUTIVE SUMMARY**

This report provides the Audit and Risk Committee with a progress update on the proposed review of Council's Business Continuity Plans.

COMMITTEE RESOLUTION

Moved: Cr David Evans

Seconded: Mr Andrew Pearce

That the Committee note this report.

CARRIED**ACTION**

1. That an update be provided at the next Audit & Risk Committee Meeting on 10 September 2019

4.12 INTERNAL AUDIT REPORTS**EXECUTIVE SUMMARY**

Crowe Horwath has been appointed as Council's Internal Auditors.

The Strategic Internal Audit Plan (SIAP) was adopted at the 4th December 2018 Audit and Risk Committee meeting which has been developed for the period 2018-2021.

The SIAP is provided in Attachment 1 and will be presented each Audit and Risk Committee for Internal Audit to provide a progress update.

In addition, Internal Audit will also provide a verbal update on the progress of the Risk Management internal audit which commenced on 6 May 2019.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Cr David Evans

That Council note the internal audit reports as presented by Crowe Horwath, internal auditors.

CARRIED

4.13 VAGO INTERIM AUDIT OUTCOMES AND MANAGEMENT LETTER**EXECUTIVE SUMMARY**

The purpose of this report is to review the outcomes and draft management letter from the interim audit conducted by McLaren Hunt Financial Group.

A number of observations were made during the interim audit however no significant issues were identified. Suggested actions include development or improvements to policies, and enhancements to some reconciliation processes. New disaggregated disclosures have been noted which will apply to the 2018-19 financial statements.

The draft management letter outlines findings from the interim audit with medium or low risk ratings recommending modifications to a number policies and procedures. All observations will be addressed by 30 June 2019.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Owen Sharkey

That the Audit and Risk Committee note the:

1. Interim audit performed by McLaren Hunt; and
2. Outcomes resulting from the interim audit, including draft management letter.

CARRIED

4.14 VAGO - RESULTS OF THE 2017-18 AUDITS - LOCAL GOVERNMENT**EXECUTIVE SUMMARY**

The Victorian Local Government sector consists of 79 councils, 10 regional library corporations and 16 associated entities. Each year, VAGO audit the finances of all 105 entities.

VAGO release outcomes from the 2017/18 year both the financial and performance audits to assist in identifying themes for improvement for future years. The summary presentation from the report is provided in Attachment 1.

Key findings from the report were:

- VAGO issued 104 clear audit opinions for all councils, regional library corporations and associated entities. VAGO have yet to issue an opinion for Procurement Australia as this has a 30 September balance date.
- Although all councils met the statutory time line, there was a slight decline in the median time to certify financial reports compared to the previous year.
- It was noted that although Councils generally have adequate documented policies and processes and competent finance teams to deliver activities, Councils would gain efficiencies from upgrading Information technology systems to increase automation and data quality monitoring.
- All performance statements were issued with a clear audit opinion.
- Councils provided clear explanations for significant variations in performance indicators, performance statement reporting could be enhanced by defining and including key targets to allow management and other report users to understand which areas need improvement.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr David Evans

That the Audit and Risk Committee note the contents of the Victorian Auditor General's Office (VAGO) report outlining the Results of the 2017-18 Audits: Local Government

CARRIED

4.15 LOCAL GOVERNMENT INSPECTORATE – GOLDEN PLAINS SHIRE COUNCIL EXAMINATION REPORT

EXECUTIVE SUMMARY

In November 2018 Golden Plains Shire Council participated in an examination by the Local Government Inspectorate (LGI) to ensure Council's processes and practices, specifically, in relation to governance and procurement, met the requirements of the Local Government Act 1989 (the Act).

The LGI lodged a report on 28 February 2019 detailing the results on the examination. Council were requested to respond to the matters raised in the report and a response was lodged with the LGI on the 2 April 2019.

A number of recommended actions were made by the LGI to improve current process and practices. Council were supportive of all the recommendations contained within the LGI report and a number of activities are now underway or planned to implement the recommendations made by the LGI.

The actions in place are being monitored internally and a progress report on the actions will be provided at the September Audit and Risk Committee meeting.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Cr David Evans

That the Audit and Risk Committee:

1. Receive and note the Local Government Inspectorate Golden Plains Shire Council Examination Report (Attachment 1).
2. Receive and note the Council response to the examination report lodged with the Local Government Inspectorate (Attachment 2).
3. Note the outstanding actions identified in the response (Attachment 2) will be added to the Outstanding Internal and External Audit Actions Report to allow progress to be reported at future Audit and Risk Committee meetings.
4. Note the examination report and response will become publically available on Councils website and be presented to the Council Meeting 28 May 2019 for noting.

CARRIED

4.16 REVIEW OF AUDIT & RISK COMMITTEE CHARTER

EXECUTIVE SUMMARY

In accordance with section 9b of the Audit and Risk Committee charter, it states that the Committee must *'review and assess the adequacy of the Audit and Risk Committee Charter annually, requesting Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation'*

As part of the review of the Audit and Risk Committee Charter (Charter), changes in legislation and reporting requirements were considered.

In addition, a review of other like Council's charters was undertaken.

Based on these reviews, it is considered that the current charter in place continues to adequately address all responsibilities required of the Audit and Risk Committee.

The only proposed change relates to Chairperson, point 3. It is recommended that point 3 include an additional sentence being *"The Chairperson is re-affirmed on an annual basis and the appointed chair is capped to a three year term"*. This is tracked as a change in the Audit and Risk

Audit and Risk Committee Meeting Minutes

14 May 2019

Committee Charter**COMMITTEE RESOLUTION**

Moved: Mr Joe Adamski
Seconded: Mr Andrew Pearce

That the Audit and Risk Committee:

1. Note the Audit and Risk Committee charter has been reviewed to ensure it remains relevant and effective;
2. Recommend one proposed amendment to the Audit and Risk Committee Charter to provide more clarity in relation to the appointment and annual re-affirmation of the Audit and Risk Committee Chair to be presented to Council for adoption.

CARRIED**4.17 LOCAL GOVERNMENT PERFORMANCE REPORTING INDICATORS - PROGRESS REPORT****EXECUTIVE SUMMARY**

Council is required under the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014 to report on its performance in accordance with the Local Government Performance Reporting Framework (LGPRF).

Council's performance against LGPRF measures is reported to management, the Audit & Risk Committee and Council on a six-monthly basis and included in the Golden Plains Shire Council Annual Report.

Following the Audit and Risk Committee meeting on 12 February 2019, members of the committee requested that Management update the report format for all future Local Government Performance Reporting Indicators half-yearly progress reports to be tabled in February and September and include trend data reporting and detailed commentary on results.

The progress report for the period ending 31 December 2018 has been revised and is provided for Audit & Risk Committee member's information (Attachment 1). Once the report format has been adopted, further commentary on results will be included in the September report.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce
Seconded: Mr David Evans

That the Audit and Risk Committee review and note the new format for reporting on the Local Government Performance Reporting Indicators for the period ending 31 December 2018 and note the Know Your Council Performance Summary Report 17/18 which will again be tabled in November for the 18/19 period.

CARRIED

4.18 RELATED PARTY TRANSACTIONS**EXECUTIVE SUMMARY**

The Australian Accounting Standards Board (AASB) released AASB 124 *Related Party Disclosures* effective from 1 July 2016. AASB extended the scope to include Local Governments within Victoria.

AASB 124 requires Local Governments to disclose material related party relationships and transactions. The objective is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the financial position and profit or loss may have been affected by related party transactions and outstanding balances, including commitments, with related parties.

Councils are responsible for ensuring the completeness and accuracy of the related party information disclosed in their financial statements.

Declaration forms are required to be completed by Key Management Personnel (KMP) to assist in assessing if any related party transactions are required to be disclosed in the financial statements.

KMP includes Councillors, Chief Executive Officer and Directors. In general, members considered as having strategic decision making authority of the council. Managers that have been delegated operational authority for specific functions of the entity would not be considered KMP.

Declaration forms will be issued to KMP in early June 2019 for completion by 30 June 2019.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Owen Sharkey

That the Audit and Risk Committee note the:

1. Related Party disclosure requirements that apply to the annual financial statements, and
2. Timing of the Declaration Forms requiring completion.

CARRIED**4.19 UPDATE ON HEALTH AND WELLBEING SURVEY****EXECUTIVE SUMMARY**

In February 2019 the Audit and Risk Committee requested information on the Health and Wellbeing Survey which was undertaken by Council employees in December 2018 and referenced in the Quarterly Risk Report. The Committee were specifically interested in the benchmark areas of the survey.

This report provides an overview of 5 key benchmark areas that the survey was measuring for Council employees, and a brief summary of the key findings.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

That the Committee notes this report.

CARRIED

5 OTHER BUSINESS

5.1 MEMBERS ONLY SESSION

Andrew Pearce queried if external auditors were invited to members only session.

It was advised that external auditors were invited but declined to attend due to another commitment.

ACTION

Invitation and reminder will continue to be sent to external auditors encouraging them to attend the members only session.

6 DATE OF NEXT MEETING

The Audit and Risk Committee meets every 3 months. The next meeting will be held on 10 September 2019 at 9.30am.

7 CLOSE OF MEETING

The Meeting closed at 11.41am.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 10 September 2019.

.....
CHAIRPERSON