

MINUTES

Audit and Risk Committee Meeting

9.30am Tuesday 8 November 2022

VENUE:
Golden Plains Civic Centre
Council Chambers
2 Pope Street, Bannockburn

NEXT AUDIT AND RISK COMMITTEE MEETING

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

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**MINUTES OF GOLDEN PLAINS SHIRE COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE GOLDEN PLAINS CIVIC CENTRE, COUNCIL CHAMBERS, 2 POPE STREET,
BANNOCKBURN
ON TUESDAY, 8 NOVEMBER 2022 AT 9.30AM**

PRESENT: Mr Joe Adamski, Mr Andrew Pearce, Mr Phil Delahunty, Cr Gavin Gamble (Mayor), Cr Clayton Whitfield

IN ATTENDANCE: Eric Braslis (CEO), Vicki Shelton (Acting Director Infrastructure and Environment), Brooke Holmes (Acting Director Corporate Services), Steven Sagona (Director Community, Planning and Growth), Rosie Wright (Coordinator Governance and Risk), Sophie Brown (Governance and Risk Specialist), Fiona Rae (Manager Finance), Martin Thompson (Crowe), Kelly Scholes (Crowe)

APOLOGIES: Phillip Josipovic (Director Infrastructure and Environment)

1 APOLOGIES AND LEAVE OF ABSENCE

- Phillip Josipovic (Director Infrastructure and Environment)

2 CONFIRMATION OF MINUTES

The Audit and Risk Committee endorsed the minutes from the meeting held on 20 October 2022.

3 DECLARATION OF CONFLICT OF INTEREST

Phil Delahunty declared a general conflict of interest in relation to item 4.13 under Section 127 of the Local Government Act 2020. Phil Delahunty was absent whilst this matter was being discussed and considered.

4 COMMITTEE REPORTS

4.1 AUDIT COMMITTEE ACTION ITEMS

EXECUTIVE SUMMARY

This report is to update the Committee on the progress and completion of any actions recorded at previous Committee meetings.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress on actions from the previous meetings as of 8 November 2022 (Attachment 1).

CARRIED

ACTION:

1. That an update be provided to the Committee on the progress of fraud risk assessments.
2. That the due dates of existing actions be reviewed and updated to reflect comments.

4.2 OUTSTANDING INTERNAL AND EXTERNAL AUDIT ACTIONS

EXECUTIVE SUMMARY

This report serves to update the Audit & Risk Committee on the progress of all internal and external audit recommendations within the Strategic Internal Audit Plan (SIAP), Internal Risk Management Audit, VAGO Interim Management Letter and Local Government Inspectorate Report.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Clayton Whitfield

That the Audit and Risk Committee note the updates on the outstanding Internal and External Audit Actions report (Attachment 1).

CARRIED

4.3 PUBLICATIONS OF INTEREST

EXECUTIVE SUMMARY

Crowe's 'Curious Eyes' report (Attachment 1) provides a summary of key industry reports that have been released during April 2022 to June 2022 and identifies outcomes from audits or reviews that may impact on Golden Plains Shire.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee note the publications of interest for July 2022 to September 2022 as prepared by Internal Auditors, Crowe.

CARRIED

4.4 INTERNAL AUDIT PROGRESS REPORT

EXECUTIVE SUMMARY

Crowe are Golden Plains Shire Council appointed internal audit providers.

In accordance with the Council's internal audit contract specification, Crowe will provide progress on the current internal audit plan as at 28 October 2022 including:

- Data Analytics
- Cyber Security Review
- HR Processes
- Complaints Handling
- Incoming non-recurring Grants

COMMITTEE RESOLUTION

Moved: Cr Clayton Whitfield

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the internal audit progress report (Attachment 1).

CARRIED

4.5 STRATEGIC & ANNUAL INTERNAL AUDIT PLANS 2022/23 - DRAFT

EXECUTIVE SUMMARY

Crowe are Golden Plains Shire Council appointed internal audit providers. In accordance with the Council's internal audit contract specification the three-year strategic internal audit plan (SIAP) presents both:

- An Annual Internal Audit Plan for 2022/23.
- Indicative Strategic Internal Audit Plan (SIAP) for 2022-25

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee note the upcoming internal audits and the three year strategic internal audit plan as presented by Internal Auditors, Crowe.

CARRIED

ACTION: That Management consider and plan for IT penetration testing following the core system replacement in 2023.

4.6 OHS ANNUAL REPORT 2021-22

EXECUTIVE SUMMARY

This report discusses OHS performance for the financial year of 2021-2022. The full report is available as Attachment 1.

COMMITTEE RESOLUTION

Moved: Cr Clayton Whitfield

Seconded: Cr Gavin Gamble

That the Audit and Risk Committee receive and note the Occupational Health and Safety (OHS) Annual Report for the 2021-22 financial year.

CARRIED

4.7 OHS QUARTER 1 REPORT

EXECUTIVE SUMMARY

This report discusses OHS information and performance for the period of 1 July 2022 to 30 September 2022.

During the first quarter of 2022/2023 a key achievement for the OHS team has been the restructure of the group to combine with HR Operations and create the People and Safety Division. Alongside this change, the team has re-branded to Safety and Wellbeing to better express the purpose of a safe and well culture of staff.

Quarter 1 also saw the departure of the OHS Coordinator. This role has been reviewed under the new structure and re-titled to Senior Safety & Wellbeing Business Partner. Recruitment is in the final stages, and we anticipate commencement in late November.

Along with the restructure, the group has been working on a project plan to review the OHS Management System. There has been an ongoing focus on COVID-19 management and keeping the business updated on any change in government requirements.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Joe Adamski

That the Audit and Risk Committee receive and note the Occupational Health and Safety (OHS) Quarter 1 report for 2022-23.

CARRIED

ACTION: Record corrective actions taken in relation to the hazard identified on 25 July 2022 (agenda page 71).

4.8 RISK MANAGEMENT & INSURANCE QUARTER 1 REPORT

EXECUTIVE SUMMARY

To ensure that Council delivers on its commitment to risk management, the Audit and Risk Committee is provided with a risk report and update at each meeting, including new risks identified, any emerging risk events/issues, audits undertaken during the quarter, upcoming audits, and other items of interest for the Committee.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee receive and note the Risk Management and Insurance Quarter One 2022/23 Report.

CARRIED

4.9 GOVERNANCE QUARTER 1 REPORT

EXECUTIVE SUMMARY

To ensure that Council delivers on its commitment to Governance and compliance, the Audit and Risk Committee is provided with a governance report at each meeting, including an update on the Governance Reform and Improvements Program and other items of interest for the Committee. The governance report is also presented to Councillors on a quarterly basis.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Clayton Whitfield

That the Audit and Risk Committee receive the Governance Quarter One Report, noting the progress achieved on governance reforms and continual review of processes and practices in order to strengthen governance.

CARRIED

4.10 CORE SYSTEM REPLACEMENT - PROGRESS UPDATE

EXECUTIVE SUMMARY

The core system replacement program has now been broken into 5 subprojects covering Records, Customer Requests, Finance, Community Safety and Property & Rates. Records has commenced with a strategic architecture review. Customer Request and Finance are having revised specifications issued to the vendor ReadyTech to ensure mutual understanding of the requirements. Demonstrations will follow which will allow budget and timelines to be locked in. Delivery will be phased across the 1st six months of 2023.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress of the Core System Replacement Program.

CARRIED

4.11 QUARTER 1 FINANCE REPORT

EXECUTIVE SUMMARY

As at 30 September 2022, the Income Statement reports total operating revenue of \$37.0m and total operating expenditure of \$10.6m, which results in a year-to-date surplus of \$26.4m. This is \$4.2m favourable compared to the original budget, and \$2.4m favourable to the revised budget.

The Capital Works Statement indicates total capital works expenditure (including commitments) of \$1.5m, which is \$0.6m below the original budget, and \$0.9m below the revised budget. The revised budget includes \$9.5m rolled forward for projects.

The Quarter 1 report will be presented to Council at the 22 November 2022 meeting for noting.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the content in the Quarter 1 Finance Report for the 3 months ended 30 September 2022.

CARRIED

4.12 INSTANCES OF FRAUD OR CORRUPTION AND ACTIONS TAKEN

EXECUTIVE SUMMARY

Fraud and Corruption Awareness training is provided to all staff on a regular basis and also included in staff induction packs.

COMMITTEE RESOLUTION

Moved: Cr Clayton Whitfield

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note that no instances of fraud have been detected in the fourth quarter of 2021-22.

CARRIED

4.13 REVIEW PERFORMANCE OF EXTERNAL AUDITOR**EXECUTIVE SUMMARY**

Council's financial statements and performance statement are required to be audited each year by VAGO or an agent appointed by VAGO. This year is the first year VAGO have completed the audit with a significant increase in the length of the audit and amount of information Council officers have been required to provide.

At 10:49am, Phil Delahunty left the meeting, due to a declared conflict of interest.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Joe Adamski

That the Audit and Risk Committee note the additional time and effort taken to complete the financial audit with the Victorian Auditor-General's Office (VAGO) completing the audit this year.

CARRIED

At 11.03am, Phil Delahunty returned to the meeting.

4.14 APPOINTMENT OF NEW AUDIT & RISK COMMITTEE CHAIR**EXECUTIVE SUMMARY**

The purpose of this report is to facilitate the process of appointing a Chair of the Committee according to the adopted Charter.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Clayton Whitfield

The Audit and Risk Committee appoint Independent Member Joe Adamski as the Chair of the Committee.

CARRIED

The Meeting closed at 11:07am.

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CHAIRPERSON