



MINUTES

Audit and Risk Committee Meeting

9.30am Tuesday 14 February 2023

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

NEXT AUDIT AND RISK COMMITTEE MEETING
9.30am Tuesday 9 May 2023

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, 14 FEBRUARY 2023 AT 9.30AM**

PRESENT: Mr Joe Adamski (Chair), Mr Andrew Pearce, Mr Phil Delahunty, Cr Brett Cunningham (Mayor), Cr Les Rowe

IN ATTENDANCE: Eric Braslis (CEO), Phil Josipovic (Director Infrastructure and Environment), Lynne Gray (Director Corporate Services), Steven Sagona (Director Community Planning and Growth), Fiona Rae (Manager Finance), Brooke Holmes (Manager People, Performance and Governance), Rosie Wright (Coordinator Governance and Risk), Sophie Brown (Governance and Risk Specialist), Kelly Scholes (Crowe), Martin Ma (VAGO), Grant Xie (VAGO)

1 APOLOGIES AND LEAVE OF ABSENCE

Apologies: Travis Derricott (VAGO), Martin Thompson (Crowe)

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

That the minutes of the Audit and Risk Committee Meeting held on 8 November 2022 be confirmed.

CARRIED

3 DECLARATION OF CONFLICT OF INTEREST

Nil.

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: Cr Brett Cunningham

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress on actions from the previous meetings as at 14 February 2023 (Attachment 1).

CARRIED

4.2 INTERNAL AND EXTERNAL AUDIT ACTIONS LIST

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: Cr Les Rowe

Seconded: Mr Andrew Pearce

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

CARRIED

ACTION

Management to review timelines for actions including ongoing validity and relevance.

4.3 TREE MANAGEMENT - OUTSTANDING INTERNAL AND EXTERNAL AUDIT ACTIONS

EXECUTIVE SUMMARY

This report is to update the Audit and Risk Committee on outstanding audit actions related to Tree Management, and to update the Committee on the Draft Tree Protection and Management Policy.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee:

1. Note the update and progress on the Tree Management Outstanding Actions; and
2. Note the Draft Tree Protection and Management Policy

CARRIED

4.4 PUBLICATIONS OF INTEREST

EXECUTIVE SUMMARY

Crowe's 'Curious Eyes' report (Attachment 1) provides a summary of key industry reports that have been released during Quarter 2 2022-23 (October – December 2022) and identifies outcomes from audits or reviews that may impact on Golden Plains Shire.

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

COMMITTEE RESOLUTION

Moved: Cr Brett Cunningham

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the publications of interest for Quarter 2 2022-23 (October – December 2022) as prepared by Internal Auditors, Crowe.

CARRIED

4.5 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 has provided a progress report on the 2022 projects and will provide a progress report on the current internal audit plan including:

- Non-Recurring Incoming Grants (recently completed)
- Data Analytics
- Waste Handling
- Asset Management
- Follow up of audit recommendations, and
- Capacity to respond.

COMMITTEE RESOLUTION

Moved: Cr Brett Cunningham

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress of the internal audit program including the internal audit completed on non-recurring incoming grants and scope of the waste handling review audit planned to commence this month.

CARRIED

4.6 UPDATED STRATEGIC INTERNAL ACTION PLAN & DATA ANALYTICS REVIEW

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) was presented at the 8 November 2022 meeting. An updated SIAP is attached incorporating feedback from the Audit & Risk Committee.

The internal audit program includes quarterly data analytics reviews with areas of focus identified in the attached Data Analytics Review MAP.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the revised three-year Strategic Internal Audit Plan and Data Analytics Plan as prepared by Internal Auditors, Crowe noting that:

- The Complaints Handling Audit has been postponed to 2024 as per the Internal Audit Progress Report and these 80 hours will be reallocated, and
- The scope limitations as per the Waste Handling MAP have not been listed in the Strategic Internal Audit Plan (SIAP).

CARRIED

4.7 VAGO STATUS REPORT – DECEMBER 2022

EXECUTIVE SUMMARY

VAGO have issued the attached Status Report at December 2022 to provide an update of the status of financial audits, parliamentary reports, performance audits proposed and in progress. A listing of recently tabled Parliamentary reports is provided and Local Government reports finalised within the last 6 months.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Brett Cunningham

That the Audit and Risk Committee note the contents of the Victorian Auditor-General's Office (VAGO) Status Report for December 2022.

CARRIED

4.8 EXTERNAL AUDIT STRATEGY

EXECUTIVE SUMMARY

To review the Victorian Auditor General's Office (VAGO) 2022-23 draft audit strategy prepared by VAGO.

The strategy sets out VAGO's approach to the external audit of the financial report and performance statement of Golden Plains Shire Council for the year ending 30 June 2023.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Cr Les Rowe

That the Audit and Risk Committee:

1. Note and receive the terms of the Golden Plains Shire Council draft external audit strategy for the year ending 30 June 2023, and
2. Approve the External Audit Strategy in accordance with its delegated authority as outlined in the Audit and Risk Committee Charter.

CARRIED

ACTIONS

1. Management to organise an additional Audit and Risk Committee meeting for October to present the VAGO end of year audit, financial statements and management letter.
2. Report to be brought to 9th May Audit and Risk Committee meeting to provide an update on the key challenges and decisions made in relation to the end of year audit with a focus on the performance statement, asset revaluation and digital transformation.
3. Risks to address financial sustainability and asset management, specifically asset renewal, be added to the Risk Register, and included in the quarterly Risk Management and Insurance report to the Audit & Risk Committee.

Martin Ma and Grant Xie from VAGO left the meeting at 10.54am and did not return.

4.9 QUARTER 2 FINANCE REPORT

Cr Brett Cunningham left the meeting at 10.58am and was not present for voting on this item.

EXECUTIVE SUMMARY

At 31 December 2022, the Income Statement reports total operating revenue of \$41.1m and total operating expenditure of \$23.1m, which results in a year-to-date surplus of \$18.0m. This is \$2.1m favourable compared to the original budget, and \$1.8m favourable to the revised budget.

The Capital Works Statement indicates total capital works expenditure (including commitments) of \$9.8m, which is \$1.1m above the original budget, and \$0.06m below the revised budget. The revised budget includes \$9.5m rolled forward for projects.

The Quarter 2 report will be presented to Council at the 28 February 2023 meeting for noting.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the content in the Quarter 2 Finance Report for the 6 months ended 31 December 2022.

CARRIED

Cr Brett Cunningham returned to the meeting at 11.00am.

4.10 CORE SYSTEM TRANSFORMATION – PROGRESS REPORT

EXECUTIVE SUMMARY

The core system replacement program has now been broken into 5 subprojects covering Records, Customer Requests, Finance, Community Safety and Property & Rates. Customer Requests and Finance solutions have revised and agreed specifications of works and associated purchase orders issued to current vendor ReadyTech. Project kick-off meetings have been held. The Records solution has completed strategic architecture review and appointed an implementation partner. The revised project budget has been finalised. Delivery will be phased across April to October 2023.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

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

CARRIED

Phil Delahunty left the meeting at 11.12am and did not return.

4.11 LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK 6 MONTHLY REPORT

EXECUTIVE SUMMARY

Council is required under the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020 to report on its performance in accordance with the Local

Government Performance Reporting Framework (LGPRF).

The six-monthly progress report for the period 01 July 2022 to 31 December 2022 is provided for the Audit & Risk Committee's information (Attachment 1).

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Brett Cunningham

That the Audit and Risk Committee receive the six-monthly report on the Local Government Performance Reporting Indicators (Attachment 1) for the period 01 July 2022 to 31 December 2022.

CARRIED

4.12 QUARTER 2 RISK MANAGEMENT & INSURANCE 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 Andrew Pearce

Seconded: Cr Brett Cunningham

That the Audit and Risk Committee receive and note the Risk Management and Insurance Quarter 2 2022/23 Report.

CARRIED

4.13 RISK OWNER PRESENTATION - FRAUD & CORRUPTION CONTROL

EXECUTIVE SUMMARY

At each Audit and Risk Committee meeting, a risk owner will present on one of Golden Plains Shire Councils 13 Strategic or Organisational Risks, with today's presentation on Fraud and Corruption Control.

COMMITTEE RESOLUTION

Moved: Cr Les Rowe

Seconded: Cr Brett Cunningham

That the Audit and Risk Committee note the presentation on the Strategic Risk – Fraud and Corruption Control.

CARRIED

4.14 QUARTER 2 GOVERNANCE 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: Cr Les Rowe

Seconded: Cr Brett Cunningham

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

CARRIED

4.15 QUARTER 2 SAFETY AND WELLBEING REPORT

EXECUTIVE SUMMARY

This report discusses Safety and Wellbeing information and performance for the period of 1st October to 31st December 2022.

During Quarter 2 of 2022-23, a key achievement was the successful transition from OHS Team to Safety and Wellbeing Team.

Quarter 2 also saw the recruitment of the Senior Safety & Wellbeing Business Partner (formerly Coordinator OHS), with the candidate commencing on 1st December 2022. With the appointment of the Senior Safety and Wellbeing Business Partner, there has been an on-going review of the Safety and Wellbeing Management System. This will include a review of how data is presented to the Audit and Risk Committee, a review of the Health, Safety and Wellbeing Strategy and the current Safety and Wellbeing document control.

Feedback from the Committee regarding the new reporting on Safety and Wellbeing Incident Data would be greatly appreciated and will help to improve the quality of the data presented.

COMMITTEE RESOLUTION

Moved: Cr Brett Cunningham

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee receive and note the Quarter 2 Safety and Wellbeing (previously OHS) report for 2022-23.

CARRIED

4.16 INSTANCES OF FRAUD & 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 Brett Cunningham

Seconded: Cr Les Rowe

That the Audit and Risk Committee note that no instances of fraud have been detected in the second quarter of 2022-23.

CARRIED

4.17 GIFTS, BENEFITS, HOSPITALITY & BUSINESS EVENTS REGISTER**EXECUTIVE SUMMARY**

To ensure compliance with the Local Government Act 2020, Council has established a record of gifts, benefits, hospitality and business events offered to Councillors and Council Officers.

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

COMMITTEE RESOLUTION

Moved: Cr Brett Cunningham

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the gifts, benefits, hospitality and business events offered to Councillors and Council Officers over the current 2022-2023 financial year.

CARRIED

The Meeting closed at 11.28am.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 9 May 2023.

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CHAIRPERSON