

# MINUTES

## Audit and Risk Committee Meeting

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**9.30am Tuesday 9 May 2023**

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

NEXT AUDIT AND RISK COMMITTEE MEETING  
9.30am Tuesday 12 September 2023

Copies of Golden Plains Shire Council's Agendas & Minutes  
Can be obtained online at [www.goldenplains.vic.gov.au](http://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, 9 MAY 2023 AT 9.30AM**

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

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

**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 14 February 2023 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: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress on actions from the previous meetings as at 9 May 2023 (Attachment 1).

**CARRIED**

### **4.2 INTERNAL AND EXTERNAL AUDIT ACTIONS LIST**

#### **EXECUTIVE SUMMARY**

This report serves to update the Audit and 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**

Status to be changed from 'complete' to 'in progress' for the VAGO external audit action regarding Rokewood and Teesdale landfill provision, as future capping and aftercare costs have not yet been determined.

#### **4.3 VAGO 2021-22 AUDIT - KEY CHALLENGES AND DECISIONS**

##### **EXECUTIVE SUMMARY**

This report provides an update on the key challenges and decisions made in relation to the 2021/22 audit conducted by VAGO.

##### **COMMITTEE RESOLUTION**

Moved: Mr Phil Delahunty

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the update provided on the key challenges and decisions made in relation to the 2021/22 audit undertaken by the Victorian Auditor-General's Office (VAGO).

**CARRIED**

##### **ACTION**

Management to consider transitioning towards an interim asset revaluation by 31<sup>st</sup> March each year.

#### **4.4 VAGO 2022-23 INTERIM AUDIT - STATUS UPDATE**

##### **EXECUTIVE SUMMARY**

This report provides an update on the status of the interim audit conducted by VAGO which is currently in progress with no significant issues identified to date.

##### **COMMITTEE RESOLUTION**

Moved: Cr Brett Cunningham

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note:

1. The current status of the interim audit being undertaken by the Victorian Auditor-General's Office (VAGO),
2. The contents of the VAGO Local Government status report, and
3. An additional Audit and Risk Committee meeting will be held in October 2023 to consider VAGO's closing audit report.

**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 projects and will provide a progress report on the current internal audit plan.

### COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the progress of the internal audit program including the results of the waste handling audit.

**CARRIED**

### ACTION

Management to consider implementation of fuel card checks to internal processes, as opposed to relying on a periodical audit.

## 4.7 ICT SYSTEM PENETRATION TEST REPORT

### EXECUTIVE SUMMARY

*recon Technology* was engaged to complete an external penetration test of the Golden Plains Shire web exposed systems, initiating an attack on the security configuration to locate any weaknesses or vulnerabilities.

In general, the findings were that the GPS security posture is overall strong, with a robust web application firewall (WAF) in place to help protect the systems and customer data.

Six (6) medium and two (2) low risk issues were identified as requiring attention. These risks all relate to our [www.goldenplains.vic.gov.au](http://www.goldenplains.vic.gov.au) domain. No internal or core application systems were able to be accessed. One information item related to our VPN premise.

All identified risks are currently being actioned.

### COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Cr Brett Cunningham

That the Audit and Risk committee:

1. Note the findings of the *recon Technology* penetration test.
2. Acknowledge the mitigations identified and receive a future update on the status of the identified mitigations.

**CARRIED**

### ACTION

Management to ensure penetration testing is included on ICT annual workplan every 12 months.

#### **4.6 RISK OWNER PRESENTATION - CHILD SAFETY STANDARDS**

##### **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 the introduction and implementation of the Child Safe Standards, as required by the *Child Wellbeing and Safety Act 2005*.

##### **COMMITTEE RESOLUTION**

Moved: Cr Brett Cunningham

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the presentation on the Child Safe Standards.

**CARRIED**

#### **4.8 AURION HR SYSTEM UPDATE**

##### **EXECUTIVE SUMMARY**

This report is presented to the Audit & Risk Committee to highlight the outcome of changes to the Aurion HR system encompassing our payroll, recruitment and onboarding functions, and the benefits associated with the improved integration and automation.

##### **COMMITTEE RESOLUTION**

Moved: Mr Joe Adamski

Seconded: Mr Phil Delahunty

The Audit and Risk Committee receive and note the Aurion HR System update report.

**CARRIED**

##### **ACTION**

Management to confirm if the Aurion HR system includes offboarding functions and provide feedback to the Committee.

#### **4.9 PEOPLE AND PERFORMANCE POLICY FRAMEWORK AND APPROVAL PROCESS**

##### **EXECUTIVE SUMMARY**

This report is presented to the Audit & Risk Committee to highlight recent changes to the People & Performance Policy Framework and Approval Process,

##### **COMMITTEE RESOLUTION**

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee receive and note the People and Performance Policy Framework and Approval Process report.

**CARRIED**

**4.10 DRAFT BUDGET 2023-24****EXECUTIVE SUMMARY**

The 2023-24 Draft Budget has been prepared in accordance with the requirements of the *Local Government Act 2020*. The budget seeks to achieve the actions and activities set out in the Council Plan by balancing the demand for services and infrastructure with the community's capacity to pay. At the 26 April 2023 Council meeting, Council endorsed the draft budget to be placed on public exhibition for the month of May for community feedback with submissions to be heard at a meeting on 6 June 2023 before the budget is proposed to be adopted at the 27 June 2023 Council meeting.

**COMMITTEE RESOLUTION**

Moved: Cr Les Rowe  
Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the status of the 2023-24 Draft Budget.

**CARRIED****4.11 CONTINUOUS IMPROVEMENT PLAN****EXECUTIVE SUMMARY**

A mandatory compliance review was conducted in 2017 by the Municipal Association of Victoria (MAV) in their capacity as Council's public liability and professional indemnity insurer. In December 2022, MAV requested progress updates on the recommendations from the review and that the updates be tabled at an Audit and Risk Committee meeting.

**COMMITTEE RESOLUTION**

Moved: Cr Les Rowe  
Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the progress updates provided to MAV on the Continuous Improvement Plan.

**CARRIED**



## 4.12 REVIEW OF AUDIT AND RISK COMMITTEE CHARTER

### EXECUTIVE SUMMARY

Section 12 of the Audit and Risk Committee Charter requires the Charter to be reviewed by the Committee on an annual basis. The Charter is then to be adopted by the Council.

The Charter was last reviewed by the Audit and Risk Committee at its meeting on 8 February 2022 with no changes proposed. As no significant issues have been identified with the current operation of the Charter, no changes are recommended at this time.

### COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee:

1. Note the Audit and Risk Committee Charter and associated Annual Work Program.
2. Adopt the Annual Work Program, as required by the Local Government Act 2020.
3. Subject to any changes proposed by the Committee, recommend that Council approve the Charter at the May 2023 Council meeting.

**CARRIED**

### ACTION

Management to make the following corrections to the Audit and Risk Committee Charter:

- Item 3 'Background' – Amend the date that the Committee last reviewed the Charter to 8 February 2022;
- Item 5 'Mandate' – Remove reference to the Local Government Act 1989; and
- Item 6 'Authority' – Amend second last paragraph to read *"The Audit and Risk Committee, through the Independent Committee Members, will assist the Director Corporate Services in the assessment of tenders for the internal audit contract recruitment process for new Independent Committee members."*

**4.13 QUARTER 3 FINANCE REPORT****EXECUTIVE SUMMARY**

At 31 March 2023, the Income Statement reports total operating revenue of \$44.7m and total operating expenditure of \$34.5m, which results in a year-to-date surplus of \$10.2m. This is \$1.6m favourable variance compared to the original budget, and \$168k favourable variance to the revised budget.

The Capital Works Statement reports total capital works expenditure (including commitments) of \$14.3m, which is \$1.8m above the original budget, and \$4.4m below the revised budget. The revised budget includes \$9.5m rolled forward for projects.

The Quarter 3 Finance Report will be presented to Council at the 23 May 2023 meeting for noting.

**COMMITTEE RESOLUTION**

Moved: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the content in the Quarter 3 Finance Report for the 9 months ended 31 March 2023.

**CARRIED****4.14 QUARTER 3 RISK MANAGEMENT AND 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 Les Rowe

That the Audit and Risk Committee receive and note the Quarter 3 Risk Management and Insurance Report for 2022-23.

**CARRIED**

#### **4.15 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 3 2022-23 (January – March 2023) 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: Mr Phil Delahunty

Seconded: Cr Les Rowe

That the Audit and Risk Committee note the publications of interest for Quarter 3 2022-23 (January – March 2023) as prepared by Internal Auditors, Crowe.

**CARRIED**

##### **ACTION**

Management to review and analyse consultant use and associated spend including trend data and impact on internal capability.

#### **4.16 INSTANCES OF FRAUD AND 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: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

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

**CARRIED**

**4.17 QUARTER 3 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: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

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

**CARRIED**

**4.18 QUARTER 3 SAFETY AND WELLBEING REPORT****EXECUTIVE SUMMARY**

This report is presented to the Audit and Risk Committee to provide an update on safety and wellbeing information and performance for the period of 1<sup>st</sup> January to 31<sup>st</sup> March 2023.

**COMMITTEE RESOLUTION**

Moved: Cr Les Rowe

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee receive and note the Quarter 3 Safety and Wellbeing report for 2022-23.

**CARRIED**

**OTHER BUSINESS****ACTION**

Management to provide an update to the Committee on the impact of and recovery from the October 2022 floods across the Shire.

**The Meeting closed at 11.58am.**

**The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 12 September 2023.**

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**CHAIRPERSON**