



MINUTES

Audit and Risk Committee Meeting

9.30am Tuesday 12 September 2023

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

NEXT AUDIT AND RISK COMMITTEE MEETING
9.30am Tuesday 3 October 2023 (End of Financial Year Audit Results)

Copies of Golden Plains Shire Council's Agendas & Minutes
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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, 12 SEPTEMBER 2023 AT 9.30AM**

PRESENT: Mr Joe Adamski (Chair), Mr Andrew Pearce, Mr Phil Delahunty, Cr Gavin Gamble (Deputy Mayor as delegate for Mayor)

IN ATTENDANCE: Lynne Gray (Director Corporate Services), Phil Josipovic (Director Infrastructure and Development), Leanne Wilson (Acting Director Community, Planning and Growth), Fiona Rae (Manager Finance), Ann McGrath (Manager People and Performance), Matthew Sims (Manager Regulatory Services), Andrew Downie (Manager ICT and Digital Transformation), Rosie Wright (Coordinator Governance and Risk), Asanka Jayakody (Coordinator Finance), Julie Harris (Deputy Municipal Building Surveyor), Sophie Brown (Governance and Risk Specialist) Travis Derricott (VAGO), Kelly Scholes (Crowe), Ashlin O'Flaherty (Crowe), Rosa Alarcon (Crowe), Tahlia Dunlop for Item 4.9 (Pitcher Partners, Graham Noriskin for item 4.9 (Pitcher Partners)

1 APOLOGIES AND LEAVE OF ABSENCE

Apologies and Leave of Absence: Cr Brett Cunningham (Mayor), Cr Les Rowe, Eric Braslis (CEO), Martin Thompson (Crowe)

The Committee also took the opportunity to welcome Ann McGrath, Manager People and Performance and thanked Brooke Holmes, former Manager People, Performance and Governance for her involvement.

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 9 May 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 Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the progress on actions from the previous meetings as at 12 September 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: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

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 and insert dates reflective of the comments in the completion dates column for actions.

4.3 INTERNAL AUDIT PROGRESS REPORT - CURRENT PROGRAM

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 Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the progress of the internal audit program including the results of the asset management audit and the data analytics for environmental health.

CARRIED

ACTION

- Management to continue to undertake internal audits on outstanding high risk actions annually.
- Management to record the deferred actions from the environmental health data analytics audit as priority for completion.

4.4 REVIEW OF VAGO SURVEY RESULTS - PRIVATE POOLS AND SPAS

EXECUTIVE SUMMARY

In 2019, the Victorian Government introduced the *Building Amendment (Swimming Pool and Spa) Regulations 2019*.

Broadly, these new safety regulations require landowners to register their private swimming pools and/or spas with their local council; and arrange for a building inspector to inspect their safety barriers every 4 years and submit a compliance certificate to council.

The current fees and charges do not allow for full cost recovery, so Council has employed a Cadet Building Inspector to assist in the process, however the introduction of this legislation has taken up time from all four Building Services Division employees.

In September 2022, the Victorian Auditor General's Office (VAGO) surveyed all 79 local councils to collect data on their progress in implementing these new safety regulations.

Council officers are in the process of developing internal procedures to assist the Building Services Division and to ensure a framework for handling pool and/or spa related matters relating to introduced legislation.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note:

1. The survey results for Golden Plains Shire Council from the VAGO Report into Regulating Private Pool and Spa Safety (February 2023).
2. The actions Council officers have undertaken or propose to undertake in response to the VAGO Report.

CARRIED

4.5 EMERGENCY MANAGEMENT REVIEW

EXECUTIVE SUMMARY

Council engaged ResilientCo. to undertake a wide-ranging review of Council's emergency management function and preparedness, and to provide recommendations as appropriate.

The review explored Council's emergency management maturity, capability and capacity and the intersections between business continuity, emergency management and crisis management. ResilientCo. conducted interviews with, and distributed a survey to, key personnel across the organisation. A review was also conducted on related Council documents. Additionally, a workshop was facilitated with key employees which acted as a training and learning opportunity for staff to understand the resourcing, systems, roles and responsibilities during the Shire's plausible worst-case scenario.

The report recommended 45 actions for Council to undertake to be better prepared for an emergency. The key actions that Council is working on immediately are:

- recruitment of a temporary Emergency Management Planning Officer,
- undertake an EOI and train staff to undertake the role of the Municipal Emergency Management Officer (MEMO) and/or Municipal Recovery Manager (MRM) afterhours,
- ensure staff are trained to open an Emergency Relief Centre,
- identify senior staff members in the organisation to lead emergency management functions,
- identify minimum mandatory training for all staff and regularly train staff with add-on emergency management roles,
- liaise with People and Culture to identify upcoming vacant positions and provide advice regarding position description development with an EM lens, and
- train and assign a senior financial administrator in the event of a large emergency to provide advice, financial authorisation and monitor systems to capture expense data from the start.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the report of the Golden Plains Shire Emergency Management Review 2023.

CARRIED

ACTION

In Appendix 1 of the 'Emergency Management Review Survey' attached to the report on page 252 of the Agenda, the graph displayed shows grouped figures titled 'no label'. Management to advise the Committee of the meaning of 'no label'.

4.6 FLOOD RESPONSE AND RECOVERY REPORT

EXECUTIVE SUMMARY

This report informs the Audit and Risk Committee of the works that have been undertaken and other works due to be undertaken, as well as programs that are being implemented to assist the community following the flood event in 2022.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the update on flood response and recovery following the October / November 2022 flood event.

CARRIED

4.7 CORE SYSTEM TRANSFORMATION – PROGRESS REPORT

EXECUTIVE SUMMARY

The Core System Transformation Project is on track from a financial and scope perspective. The timeline has been impacted for the CRMS solution due to delayed delivery of the SaaS application, where we are the User Acceptance Test partner. The SharePoint Cloud Records component has been impacted by the complexity of the data migration from the legacy product. A hybrid go-live approach is now being developed.

The Financial Management solution is on track for go live on 2/10/2023 with user acceptance testing currently being completed.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Andrew Pearce

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

CARRIED

4.8 FINANCIAL STATEMENTS UPDATE

EXECUTIVE SUMMARY

This report is to provide the Audit and Risk Committee with an update on the status of the preparation of the 2022-23 Annual Financial Statements including key financial year-end transactions and the financial treatment of key line items.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the progress made towards the preparation of the 2022-23 Annual Financial Statements and the financial treatment of key line items.

CARRIED

4.9 FRAUD RISK REGISTER

EXECUTIVE SUMMARY

Council recognises the importance of managing the risk of fraud and corruption and promotes a sound ethical culture including regular training of employees.

A lack of a fraud and corruption control framework and assessment process was identified, together with the need to strengthen these controls, with the decision made to engage a consultant to complete a Fraud Risk Assessment.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Joe Adamski

That the Audit and Risk Committee note the work undertaken by Pitcher Partners in relation to the Fraud Risk Assessment and the resultant Fraud Risk Register.

CARRIED

4.10 CONSULTANT USE

EXECUTIVE SUMMARY

Council has engaged a range of consultants to provide a range of services. An analysis of the amount spent and use of consultants over the past five years is provided together with the impact on internal capability.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Joe Adamski

That the Audit and Risk Committee note the analysis of the use of consultants over the past five years and impact on internal capability as requested by Committee members.

CARRIED

ACTION

Management to report to the Committee at a future meeting how Council ensures that the consultants used have addressed good governance and ethical standards, including but not limited to conflict of interest, confidentiality, probity and reputation.

4.11 RISK MANAGEMENT PROGRESS

EXECUTIVE SUMMARY

Council adopted a Risk Management Framework in December 2020. While steps have been taken to mitigate risks across the organisation, a cohesive and systematic approach to risk management, as described in the Risk Management Framework, has been delayed due to impacts from Covid, competing priorities and turnover in the Corporate Services department. This report is intended to provide the Audit and Risk Committee with an update as to the work completed to date, as well as the actions that are currently planned to progress Council's risk maturity and implement the Risk Management Framework.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the progress on risk management at Council, noting that further actions are planned to progress Council's maturity in this area.

CARRIED

4.12 COUNCILLOR EXPENSES 2022-23

EXECUTIVE SUMMARY

Section 40(2) of the Local Government Act 2020, a Council must provide details of all reimbursements made to a Councillor or a member of a delegated committee for bona fide expenses that have been reasonably incurred in and reasonably necessary for the performance of the role as Councillor or delegated committee member to its Audit and Risk Committee. In accordance with this section, this report provides a record of expenditure made on behalf of Councillors in the performance of their duties for 2022-23.

COMMITTEE RESOLUTION

Moved: Cr Gavin Gamble

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee note the contents of the Councillor expenses report for 2022-23, presented to Council on 22 August 2023.

CARRIED

4.13 STATUTORY OBLIGATIONS AND COMPLIANCE SCHEDULE 2022/23**EXECUTIVE SUMMARY**

Golden Plains Shire Council (Council) keeps a Statutory Obligations and Compliance Schedule (Schedule) each financial year. The Schedule is a systematic way for Council to keep on top of statutory obligations and ensure key deadlines are met for these tasks. It also helps minimise the risk and reputational damage by non-compliance with statutory and audit requirements.

Council's 2022/23 financial year Schedule is presented for the Audit and Risk Committee's noting.

COMMITTEE RESOLUTION

Moved: Mr Andrew Pearce

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note Golden Plains Shire Council's Statutory Obligations and Compliance Schedule for the 2022/23 financial year (Attachment 1).

CARRIED

4.14 AUDIT AND RISK COMMITTEE BIENNIAL REPORT (FEBRUARY AND MAY 2023)**EXECUTIVE SUMMARY**

The Audit and Risk Committee's bi-annual report (Attachment 1) is provided in accordance with section 54(5) of the Local Government Act 2020 and section 13 of the Audit and Risk Committee Charter. It describes the activities of the Audit and Risk Committee for the second half of 2022-23 and includes Committee findings and recommendations.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee adopt the Bi-annual Report for February and May 2023 (Attachment 1) and provide it to the Chief Executive Officer for tabling at the next Council meeting.

CARRIED

ACTION

- Management to include efficiency and process improvement suggestions in the Audit and Risk Charter review scheduled for February 2024.
- The Audit and Risk Committee meeting minutes should continue to be presented to Council for noting after each Committee meeting, in addition to the bi-annual reports.

4.15 ASSESSMENT OF COMMITTEE PERFORMANCE

EXECUTIVE SUMMARY

Under section 13 of Golden Plains Shire Council's adopted Audit and Risk Committee Charter and in accordance with section 54(4) of the Local Government Act, the Audit and Risk Committee is required to complete an annual assessment of its performance, which is to be tabled at the next Council meeting. Following the completion of the self-assessment, this report presents the outcomes for 2022/23.

The results from the 2022/23 self-assessment indicate that the committee members are satisfied with the performance of the Committee throughout 2022/23, with the average result for all areas rated as 'adequate' or 'more than adequate'.

COMMITTEE RESOLUTION

Moved: Cr Joe Adamski

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee:

1. Notes the Audit and Risk Committee's self-assessment report for the 2022/23 year.
2. Notes the areas that have improved from last year and opportunities for continual improvement.
3. Endorses the results of the self-assessment report for 2022/23 to be presented to the Council, in fulfilment of section 54(4)(b) of the Local Government Act 2020 and the Audit and Risk Committee Charter.

CARRIED

ACTION

Included in the Audit and Risk Charter review scheduled for February 2024, Management to consider addressing the improvement areas as identified in the self assessment. An example was provided of ways for the Committee members and new Committee Councillors to share their expertise and background.

ACTION

Management to ensure that all future reports to the Committee, including updates, provide a recommendation and are considered separately.

EN BLOC RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Andrew Pearce

That the Audit and Risk Committee considers the following items en bloc, receives and notes the progress updates provided in the reports listed:

- 4.16 – Publications of Interest
- 4.17 – Instances of Fraud and Corruption and Actions Taken
- 4.18 – Quarter 4 Finance Update (unaudited)
- 4.19 – Quarter 4 Safety and Wellbeing Update
- 4.20 – Quarter 4 Risk Management and Insurance Update

- 4.21 – Quarter 4 Governance Update

CARRIED

4.16 PUBLICATIONS OF INTEREST

EXECUTIVE SUMMARY

Crowe's 'Curious Eyes' report provides a summary of key industry reports that have been released during Quarter 4 2022-23 (April – June 2023) and identifies outcomes from audits or reviews that may impact on Golden Plains Shire Council. The report is provided for the Audit and Risk Committee's noting.

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

ACTION

Management should include comments against the key industry reports provided within the quarterly publications of interest document.

4.17 INSTANCES OF FRAUD AND CORRUPTION AND ACTIONS TAKEN

EXECUTIVE SUMMARY

This report is to update Audit and Risk Committee that no instances of fraud have been detected in the fourth quarter of 2022-23.

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

4.18 QUARTER 4 FINANCE UPDATE (UNAUDITED)

EXECUTIVE SUMMARY

At 30 June 2023, the Income Statement reports total operating revenue of \$55.6m and total operating expenditure of \$52.5m, which results in a year-to-date surplus of \$3.1m. This is \$4.8m unfavourable variance compared to budget. The Capital Works Statement reports total capital works expenditure of \$12.8m, which is \$6m below the original budget, and \$14.6m below the revised budget. The revised budget includes \$9.5m rolled forward for projects. The Quarter 4 finance update will be presented to Council at the 26 September 2023 meeting for noting.

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

4.19 QUARTER 4 SAFETY AND WELLBEING UPDATE

EXECUTIVE SUMMARY

To ensure that Council delivers on its commitment to risk management, the Audit and Risk Committee receives a quarterly safety and wellbeing update that includes incident reporting, claims, current priorities, and highlights. 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 April to 30 June 2023.

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

4.20 QUARTER 4 RISK MANAGEMENT & INSURANCE UPDATE**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.

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

4.21 QUARTER 4 GOVERNANCE UPDATE**EXECUTIVE SUMMARY**

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

Note: Refer to page 11 of the Minutes where this item was resolved *en bloc*.

The Meeting closed at 12.15pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 14 November 2023.

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CHAIRPERSON