



GOLDEN PLAINS SHIRE

ATTACHMENTS

**Under Separate Cover
Ordinary Council Meeting**

6.00pm Tuesday 26 November 2019

Table of Contents

7.13	Audit & Risk Committee Report - 12 November 2019	
	Attachment 1 Audit and Risk Committee Minutes 12.11.19	4



MINUTES

Audit and Risk Committee Meeting

9.30am Tuesday 12 November 2019

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

NEXT AUDIT AND RISK COMMITTEE MEETING
9.30 Tuesday 11 February 2020

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	Committee Reports.....	3
4.1	External Presenter - Justin Gillingham, Divisional Manager – Broking, JLT Public Sector, Jardine Lloyd Thompson Pty Ltd	3
4.2	Audit Committee Action Items	4
4.3	Publications of Interest.....	4
4.4	Outstanding Internal and External Audit Actions.....	5
4.5	Local Government Performance Reporting Indicators - Progress Report	5
4.6	Quarterly Finance Report.....	6
4.7	Quarterly OHS Report.....	7
4.8	Risk Management Quarter One Report.....	8
4.9	Major Projects - Progress Update.....	9
4.10	Governance Quarter One Report	9
4.11	Update on Inspectorate Audit.....	10
4.12	Special Report on Corruption Risks associated with Procurement in Local Government - IBAC Report	11
4.13	Fraud and Corruption Policy Review	11
4.14	Internal Audits held during the Quarter - Tree Management Update.....	12
4.15	Borrowing Policy - Maturity of Loan November Borrowing	12
4.16	Councillor Entitlements & Reimbursement Policy	13
4.17	Sale or Exchange of Council Land Policy	14
5.	Other Business	14
5.1	Update on VAGO audit – Development Contribution Review	14
5.2	Audit and Risk Committee 2020 Meeting Dates	14
6.	Date of Next Meeting	14
7.	Close of Meeting	14

Audit and Risk Committee Meeting Minutes

12 November 2019

**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, 12 NOVEMBER 2019 AT 9.30AM**

PRESENT: Independent Members Mr Andrew Pearce, Mr Joe Adamski and Mr Phil Delahunty

Councillors Cr Owen Sharkey (Mayor)

IN ATTENDANCE: Eric Braslis (CEO), Philippa O'Sullivan (Director Corporate Services), Lisa Letic (Director Community Services), Steven Sagona (Acting Director Planning & Infrastructure), Clare Tehan (People and Culture Manager), Fiona Rae (Finance Manager), David Greaves (Works Manager), Candice Robinson (Governance and Risk Coordinator), Emily Chapman (Governance and Corporate Services Administration Officer), John Gavens (Crowe Horwath), Thivya Mahendran (Crowe Horwath)

1 APOLOGIES AND LEAVE OF ABSENCE

Apology – Cr David Evans

2 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Mr Phil Delahunty

That the minutes of the Audit and Risk Committee Meeting held on 10 September 2019 be confirmed with amendments to Independent Committee Member Phil Delahunty's title from Cr to Mr.

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 COMMITTEE REPORTS

4.1 EXTERNAL PRESENTER - JUSTIN GILLINGHAM, DIVISIONAL MANAGER – BROKING, JLT PUBLIC SECTOR, JARDINE LLOYD THOMPSON PTY LTD

ACTION

1. Presentation to be circulated to committee.

Page 3

4.2 AUDIT COMMITTEE ACTION ITEMS**ACTION**

1. Provide Risk Management Presentation at next Audit and Risk Committee Meeting on 11 February 2020.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey
Seconded: Mr Joe Adamski

That the Audit & Risk Committee note the progress on actions from previous meeting held on 10th September 2019.

CARRIED**4.3 PUBLICATIONS OF INTEREST****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.

ACTION

1. Going forward include Management responses to Publication findings.
2. Add Cyber Security monitoring to Audit and Risk Committee Charter for ongoing review.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the Publications of Interest (July 2019 to September 2019) as prepared by Internal Auditors, Crowe Horwath.

CARRIED

4.4 OUTSTANDING INTERNAL AND EXTERNAL AUDIT ACTIONS

EXECUTIVE SUMMARY

The purpose of this report is to update the 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 2018-19 and Local Government Inspectorate Report.

ACTION

1. Present formal report on Privacy and Compliance outstanding actions at the next Audit and Risk Committee Meeting on 11 February 2020.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Joe Adamski

That the Committee notes the updates and closed actions on the Outstanding Internal and External Audit Actions report.

CARRIED

4.5 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.

The Audit and Risk Committee previously requested that Management provide progress reports to be tabled in February and September and include trend data reporting and detailed commentary on results. The September report was held off until November as data was still being checked and finalised at the date of the September Meeting.

The final progress report for the period 01 July 2018 to 30 June 2019 is provided for the Audit & Risk Committee member's information (Attachment 1).

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Cr Owen Sharkey

That the Audit and Risk Committee:

1. Receive the report on the Local Government Performance Reporting Indicators (Attachment 1) for the period 01 July 2018 to 30 June 2019.
2. Note the Know Your Council Performance Summary Report 18/19 (Attachment 2).

CARRIED

4.6 QUARTERLY FINANCE REPORT

EXECUTIVE SUMMARY

The purpose of this report is to:

1. Present the quarterly finance 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 reports total operating revenue of \$26.9m and total operating expenditure of \$10.1m, which results in a year to date surplus of \$16.8m. This is \$1.8m favourable compared to the original budget, and \$0.003k variance to the revised budget.

The Capital Works Statement indicates total capital works expenditure of \$4.0m, which is \$1.1m above the original budget, and \$0.1m above the revised budget.

ACTION

1. Include figures for completed projects showing budgeted cost vs actual cost.
2. Include 2019-20 Forecast line in the legend of the Cash Flow Projection table in attachment 1 - Financial Dashboard and Financial Reports.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Note and support the content in the Quarterly Finance Report for the 3 months ended 30 September 2019; and
2. Recommend that the report be presented to Council for noting at the November Council meeting.

CARRIED

4.7 QUARTERLY OHS REPORT

EXECUTIVE SUMMARY

This report discusses OHS performance and other information from 1 July to 30 September 2019.

There were a number of new procedures introduced as part of the OHS management system (PlainSafe) implementation. One of the procedures was traffic management which is important, based on work completed by the outdoor crews and the hazards crews can be exposed to when working on or along roads. The other procedures implemented included electrical safety, noise and confined spaces. These procedures provide an opportunity to be pro-active in these areas of activities so to mitigate the risk of incidents occurring.

During the quarter there a total of 17 incidents reported. Two of the incidents resulted in lost time injuries. One of the injuries was contributed to from a manual handling task, and the other was a result of a trip and fall. As a result, the OHS team will focus on implementing manual handling refresher training and remind staff to be aware of tripping hazards, especially leading up to a busy time of the year when our minds can be thinking of a number of items rather than aware of our physical surroundings.

It was a quiet quarter in terms of hazard reporting with only 3 recorded.

A Health & Wellbeing Committee has been established, and the first meeting was held on the 16th September 2019. As part of the meeting, the Healthy Workplaces Achievement Program questionnaire was completed to establish a benchmark of how embedded health and wellbeing is at Council.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Note the Occupational Health and Safety (OHS) report for the quarter ended 30 September 2019.

CARRIED

4.8 RISK MANAGEMENT QUARTER ONE REPORT

EXECUTIVE SUMMARY

Risk management is critical in the achievement of the Council Plan's strategic objectives. Prudent decision-making regarding the use of Council's human, financial and physical resources is vital to achieving Council's strategic objectives.

Council staff have a duty to identify and manage threats to Council resources. By fostering a risk management ethos, Council seeks to minimise resource waste by encouraging staff to apply robust risk management practices to Council events, activities and projects in order to minimise the risk to staff, contractors and the general public, however, it is neither possible nor desirable to eliminate risks.

The objective is to implement cost effective processes that either:

- reduce risks to an acceptable level; or
- reject risks if unacceptable; or
- transfer risks through insurance and other means.

Council is committed to systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on Council's ability to achieve the vision and strategic objectives of the Council Plan.

To ensure that Council delivers on its commitment to risk management, this report will present, on a quarterly basis to the Audit and Risk Committee, the following information:

- New Risks identified during the quarter and how these will be managed.
- Identify any emerging events/issues that increase the likelihood or consequence of certain events occurring.
- Audits undertaken during quarter and upcoming audits.
- The most recent risk register as provided in Attachment 1.

ACTION

1. Include swimming pools in list of Dynamic Risks in Risk Management Quarter Two Report to the Audit and Risk Committee meeting on 11 February 2020.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee:

1. Receive and note the Risk Management Quarter One Report.
2. Provide any suggestions in relation to the report format and current inclusions.

CARRIED

4.9 MAJOR PROJECTS - PROGRESS UPDATE**EXECUTIVE SUMMARY****COMMITTEE RESOLUTION**

Moved: Cr Owen Sharkey

Seconded: Mr Phil Delahunty

That Audit and Risk Committee:

1. Receive and note the progress update on the Golden Plains Community and Civic Centre and Heart Projects for the period of 10 September 2019 and 31 October 2019.
2. Recommend the report be presented to the November Council meeting for noting.

CARRIED

4.10 GOVERNANCE QUARTER ONE REPORT**EXECUTIVE SUMMARY**

The purpose of this report is to provide an update on the Governance Reform and Improvements Program including improvements to governance practices over the previous quarter and other items of interest for the Committee.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Receive and note the Governance Quarter One Report.
2. Provide any suggestions in relation to the report format and current inclusions.

CARRIED

4.11 UPDATE ON INSPECTORATE AUDIT

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.

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 undertaken to implement the recommendations made.

The following papers have previously been provided to the LGI, the Audit and Risk Committee and Council:

- Council's initial response to the examination (April 2019); and
- Progress Report (August 2019).

It was agreed with the LGI that a further progress report be provided by the 1 November 2019. Council lodged its second Progress Report on the 31 October 2019. A copy of that report is provided for the Audit and Risk Committees information (Attachment 1) along with the supplementary Procurement Report (Attachment 2) and will be presented to Council at its 26 November 2019 Ordinary Council Meeting for noting and become publically available on Council's website.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Receive and note the update on the Local Government Inspectorate Golden Plains Shire Council Examination including the Progress Report lodged with the Local Government Inspectorate on 31 October 2019 (Attachment 1).
2. Note that all agreed actions have now been reported as completed and no outstanding actions remain.
3. Note the Progress Report will be presented to the 26 November 2019 Council Meeting for noting and become publically available on Councils website.

CARRIED

4.12 SPECIAL REPORT ON CORRUPTION RISKS ASSOCIATED WITH PROCUREMENT IN LOCAL GOVERNMENT - IBAC REPORT**EXECUTIVE SUMMARY**

IBAC conducted an investigation into procurement practices in Local Government following increases in allegations of corruption. IBAC investigations were conducted at a number of councils which examined allegations that employees subverted council procurement processes.

Instances of corruption were detected of unauthorised payments by way of direct pecuniary interest and secret commissions.

Recommendations include stronger internal controls within procurement processes, conducting regular audits and providing training for employees involved in the procurement process.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Note the findings from the Independent Broad-Based Anti-Corruption Commission (IBAC) report on corruption risks associated with procurement in Local Government; and
2. Note the risk mitigation processes Council has in place.

CARRIED**4.13 FRAUD AND CORRUPTION POLICY REVIEW****EXECUTIVE SUMMARY**

The Fraud and Corruption Control Policy has been revised and incorporates the requirement to report to the Independent Broad Based Anti-Corruption Commission (IBAC).

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee:

1. Note the revised Fraud and Corruption Control Policy;
2. Acknowledge the Fraud and Corruption Control Policy is now in accord with the Independent Broad Based Anti-Corruption Commission (IBAC) requirements; and
3. Recommend that Council note and adopt the revised Fraud and Corruption Control Policy at the November 2019 Council meeting including the addition of examining mechanisms that will support the objectives of the policy.

CARRIED

4.14 INTERNAL AUDITS HELD DURING THE QUARTER - TREE MANAGEMENT UPDATE EXECUTIVE SUMMARY

As part of the internal audit plan for the 2019/20 year, the tree management audit was included due to the potential risk this activity poses on Council. The internal audit provides an opportunity to identify any gaps within Council's current controls that can be tightened to reduce this risk.

A verbal progress update will be provided by Internal Auditors at the meeting.

COMMITTEE RESOLUTION

Moved: Mr Joe Adamski
Seconded: Mr Phil Delahunty

That the Audit and Risk Committee note the progress undertaken on the Tree Management Internal Audit.

CARRIED

4.15 BORROWING POLICY - MATURITY OF LOAN NOVEMBER BORROWING EXECUTIVE SUMMARY

The purpose of this report is to advise the Audit and Risk Committee of Council's borrowing policy requirements and outline the borrowing facilities available.

Financial management encompasses a range of functions which include the management of funds and resources, budgeting and long term planning to ensure financial sustainability. As outlined in the 2019-20 budget some borrowings mature during the year and are re-borrowed on maturity. New borrowings are required to fund the Golden Plains Community and Civic Centre (GP CCC).

A borrowing was required to be taken-up during November to fund the repayment of a maturing borrowing.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey
Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Note the borrowing policy of Council; and
2. Note the new borrowing taken up in November.

CARRIED

4.16 COUNCILLOR ENTITLEMENTS & REIMBURSEMENT POLICY

EXECUTIVE SUMMARY

The Local Government Act 1989 specifies that Council must adopt and maintain a policy in relation to the reimbursement of expenses for Councillors and members of special committees.

The Councillor Reimbursement Policy was last reviewed and adopted by Council at its meeting held on 28 July 2015.

A review of the Councillor Reimbursement Policy (retitled to Councillor Entitlements and Reimbursement Policy) has been undertaken. Significant changes are proposed to strengthen the policy and ensure consistency with the Victorian Government's Policy Statement on Local Government Mayoral and Councillor Allowances and Resources and best practice across the sector.

Proposed changes of significance include, but are not limited to:

- clearly defining the recourses and support to be provided by Council to Councillors;
- clearly defining eligible expenditure that may be reimbursed to Councillors and members of Special Committees when incurred in the performance of their duties;
- strengthening the procedures and processes to be followed;
- cosmetic changes including re-formatting the policy to bring it into alignment with the approved Policy template.

The draft Councillors Entitlements and Reimbursement Policy is provided for Audit and Risk Committees information (Attachment 1). The committee is invited to provide commentary on the draft Policy for consideration, prior to finalisation of the Policy and presentation to Council for adoption.

COMMITTEE RESOLUTION

Moved: Mr Phil Delahunty

Seconded: Mr Joe Adamski

That the Audit and Risk Committee:

1. Receive and note with amendments to be considered the draft Councillors Entitlements and Reimbursement Policy.
2. Provide any commentary to management for consideration, prior to finalisation of the Policy; and
3. Recommend that Council consider and adopt the Councillors Entitlements and Reimbursement Policy at its 26 November 2019 Ordinary Council meeting and recommend for consideration that the quarterly table is published on Council's website.

CARRIED

4.17 SALE OR EXCHANGE OF COUNCIL LAND POLICY

EXECUTIVE SUMMARY

The Local Government Inspectorate Golden Plains Shire Council Examination Report (February 2019) recommended that Council develop and a Sale of Land Policy.

A Sale or Exchange of Council Land Policy has been now developed with reference being made to the Local Government Best Practice Guideline for the Sale, Exchange & Transfer of Land (June 2009). In development of the policy, benchmarking against other Council policies was undertaken.

The draft Sale or Exchange of Council Land Policy is provided for Audit and Risk Committees information (Attachment 1). The committee is invited to provide commentary on the draft Policy for consideration, prior to finalisation of the Policy and presentation to Council for adoption.

COMMITTEE RESOLUTION

Moved: Cr Owen Sharkey

Seconded: Mr Phil Delahunty

That the Audit and Risk Committee:

1. Receive and note the draft Sale or Exchange of Council Land Policy with the Property Use Agreement Policy to be presented to the Audit and Risk Committee Meeting on the 11th February 2020.
2. Provide any commentary to management for consideration, prior to finalisation of the Policy; and
3. Recommend that Council consider and adopt the Sale or Exchange of Council Land Policy at its 26 November 2019 Ordinary Council meeting.

CARRIED

5. OTHER BUSINESS

5.1 UPDATE ON VAGO AUDIT – DEVELOPMENT CONTRIBUTION REVIEW

Noted

5.2 AUDIT AND RISK COMMITTEE 2020 MEETING DATES

Future dates for the audit and risk committee 2020 will be:

- 11 February 2020
- 12 May 2020
- 08 September 2020
- 10 November 2020

6. DATE OF NEXT MEETING

11 February 2020

7. CLOSE OF MEETING

The Meeting closed at 11.28am.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 11 February 2020.

.....
CHAIRPERSON