



**Notice is given that a Meeting of Council will be held on:**

**Date:** Tuesday, 13 December 2022  
**Time:** 3pm  
**Location:** Loddon Shire Council Chambers,  
Wedderburn

# **AGENDA**

## **Council Meeting**

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**OPENING COMMENT**

This meeting is being recorded and audio streamed via the Council website and Facebook.

**1 OPENING AFFIRMATION**

“We, the Councillors of the Loddon Shire, declare that we will carry out our duties in the best interests of the community, and through collective leadership will maintain the highest standards of good governance.”

**2 ACKNOWLEDGEMENT OF COUNTRY**

“The Loddon Shire Council acknowledges the Traditional Custodians of the land on which we are gathered and pays its respects to their Elders both past and present.”

**3 APOLOGIES****4 DECLARATIONS OF CONFLICT OF INTEREST**

**5 PREVIOUS MINUTES****5.1 CONFIRMATION OF MINUTES**

**File Number:** FOL/19/45615  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council confirm the Minutes of the:

1. Council Briefing of 22 November 2022
2. Council Meeting of 22 November 2022.

**REPORT**

This report seeks Council confirmation of Minutes from the November 2022 Council Briefing and Council Meeting as previously circulated to Councillors.

**6 ADVISORY MEETINGS****6.1 RECORD OF ADVISORY MEETINGS**

**File Number:** 02/01/001  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council confirm records of the following as detailed within this report :

1. Council Briefing 22 November 2022.

Rule 51 of Council's Governance Rules requires a record of Councillor briefings, Councillor forums and advisory committees to be confirmed at scheduled Council meetings, and that the record include:

- a) a record of which Councillors attended the meeting;
- b) a summary of the matters considered in the meeting; and
- c) a record of any conflicts of interest disclosed by Councillors.

This report seeks confirmation of the following meetings and forums, conducted since the last Ordinary meeting of Council and detailed within this report:

1. Council Briefing 22 November 2022.

Meeting details	Briefing
Date	22 November 2022
Councillor Attendees	Cr Beattie Cr Holt Cr Jungwirth Cr Murphy Cr Straub
Staff/Stakeholder representatives	Lincoln Fitzgerald, Chief Executive Officer Wendy Gladman, Director Community Wellbeing Steven Phillips, Director Operations Amanda Wilson, Director Corporate Lisa Clue, Manager Governance
Items discussed.	1. Future of Aged Care Services in Loddon 2. General Business <ul style="list-style-type: none"> <li>• VicRoads road repairs within the Loddon Shire</li> </ul>
Conflict of Interest Disclosures - Councillor/officer making disclosure	Nil
Councillor/officer left room	N/A

**7 REVIEW OF ACTIONS****7.1 REVIEW OF ACTIONS**

**File Number:** 02/01/002  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** 1. Status of actions

**RECOMMENDATION**

That Council receive and note resolutions acted upon since the November 2022 Council meeting as attached to this report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**REPORT**

A document containing the status of actions from Council meeting resolutions is attached to this report.

There were no outstanding actions from Council meeting resolutions prior to November 2022.

All actions from November 2022 Council meeting resolutions have been completed.

Council resolutions acted upon since the November 2022 Council meeting

Meeting	Officer/Director	Section	Subject
Council 22/11/2022	Gladman, Wendy Gladman, Wendy	Decision Reports	FUTURE OF AGED CARE SERVICES IN LODDON
<b>RESOLUTION 2022/118</b>			
Moved: Cr Linda Jungwirth			
Seconded: Cr Wendy Murphy			
That Council:			
<ol style="list-style-type: none"> <li>1. no longer be a service provider of the following programs from 30 June 2023, including all:                             <ol style="list-style-type: none"> <li>(a) Commonwealth Home Support Program services</li> <li>(b) State Home and Community Care Program for Younger People services</li> <li>(c) Veterans Home Care services</li> <li>(d) assessment services</li> <li>(e) brokered services.</li> </ol> </li> <li>2. commits to working with the Commonwealth and Victorian governments to negotiate timing and transition processes that will support the interests of clients, their families, staff, and the broader community.</li> <li>3. notes that under its service agreements, all processes and matters related to the transition process will remain confidential until the Commonwealth and Victorian governments provide consent for release of information.</li> <li>4. reaffirms that in taking this decision, Council will maintain an active role in advocating that the new aged care service system delivers high quality service and meets the needs of the community.</li> <li>5. will provide a transition support role for a period of two years to assist community members to navigate the new aged care service system to access the supports and services which best meet their needs, as identified in Attachment 1.</li> <li>6. will provide a staff resource to support improved positive ageing outcomes for the broader community, as identified in Attachment 1.</li> <li>7. delegates authority to the Chief Executive Officer, or their nominee, to undertake or commission all tasks and activities related to the implementation of this council decision.</li> <li>8. authorises the Chief Executive Officer to negotiate a short term extension if it is identified that this is required to provide better client or staff transition outcomes.</li> </ol>			
<b>CARRIED</b>			



**Council resolutions acted upon since the November 2022 Council meeting**

**06 Dec 2022 7:29am Gladman, Wendy**  
 The State and Commonwealth bodies have been notified of Council's decision and formal meetings will occur prior to the end of 2022 to formalise the transition plan.  
**06 Dec 2022 7:31am Gladman, Wendy - Completion**  
 Action completed by Gladman, Wendy

Meeting	Officer/Director	Section	Subject
Council 22/11/2022	Price, David Phillips, Steven	Decision Reports	Community Local Law 2022
<p><b>RESOLUTION 2022/119</b></p> <p>Moved: Cr Wendy Murphy                      Seconded: Cr Gavan Holt</p> <p>That the Community Local Law 2022 be adopted.</p> <p style="text-align: right;"><b>CARRIED</b></p>			
<p><b>05 Dec 2022 12:40pm Price, David - Completion</b>                      Public Notice published in the Government Gazette 1 December 2022, and local newspapers. Community Local Law 2022 is now available to view at the Council office and on Council's website.</p> <p><b>05 Dec 2022 12:42pm Price, David - Completion</b>                      Action completed by Price, David</p>			

Council resolutions acted upon since the November 2022 Council meeting

Meeting	Officer/Director	Section	Subject
Council 22/11/2022	Colls, Renae Fitzgerald, Lincoln	Decision Reports	MAV Regional Groupings
<p><b>RESOLUTION 2022/120</b></p> <p>Moved: Cr Gavan Holt Seconded: Cr Neil Beattie</p> <p>That Council:</p> <ol style="list-style-type: none"> <li>1. endorse Council's Municipal Association of Victoria representative to nominate Non-Metropolitan Option 1; and</li> <li>2. delegate authority to the Mayor and MAV representative to determine if the submission includes advocacy for alterations to the councils contained within Option 1.</li> </ol> <p style="text-align: right;"><b>.CARRIED</b></p> <p><b>06 Dec 2022 9:06am Colls, Renae - Completion</b> Correspondence has been sent to the MAV outlining Council's preference for Option 1.</p> <p><b>06 Dec 2022 9:08am Colls, Renae - Completion</b> Action completed by Colls, Renae</p>			

Meeting	Officer/Director	Section	Subject
Council 22/11/2022	Clue, Lisa Wilson, Amanda	Compliance Reports	COMMUNITY ASSET COMMITTEE MEMBERSHIP - 2022/23
<p><b>RESOLUTION 2022/126</b></p> <p>Moved: Cr Gavan Holt Seconded: Cr Linda Jungwirth</p> <p>That Council appoints members as listed in this report to the following Loddon Shire Council Community Asset Committees:</p> <ul style="list-style-type: none"> <li>• Boort Aerodrome</li> <li>• Boort Memorial Hall</li> <li>• Boort Park</li> <li>• Campbells Forrest Hall</li> <li>• Donaldson Park</li> <li>• East Loddon Community Centre</li> </ul>			

**Council resolutions acted upon since the November 2022 Council meeting**

- Hard Hill Tourist Reserve
- Inglewood Community Elderly Persons Units
- Inglewood Community Sports Centre
- Inglewood Town Hall Hub
- Korong Vale Mechanics Hall
- Korong Vale Sports Centre
- Pyramid Hill Memorial Hall
- Wedderburn Community Centre
- Wedderburn Engine Park and Market Square Reserve
- Wedderburn Mechanics and Literary Institute Hall
- Yando Public Hall

**CARRIED**

**06 Dec 2022 9:00am Clue, Lisa - Completion**  
 Each Committee has been advised in writing of members appointed by Council at the November Council meeting.

**06 Dec 2022 9:02am Clue, Lisa - Completion**  
 Action completed by Clue, Lisa

Meeting	Officer/Director	Section	Subject
Council 22/11/2022	Hargreaves, Michelle Wilson, Amanda	Compliance Reports	COMMUNITY ASSET COMMITTEES - ANNUAL REPORT TO COUNCIL
<b>RESOLUTION 2022/127</b>			
Moved: Cr Wendy Murphy			
Seconded: Cr Neil Beattie			
That Council note the CEO report on the 2021/22 Activities and Performance of Community Asset Committees.			
<b>CARRIED</b>			

Council resolutions acted upon since the November 2022 Council meeting

**06 Dec 2022 9:00am Hargreaves, Michelle - Completion**  
No action was required following this resolution.  
**06 Dec 2022 9:02am Hargreaves, Michelle - Completion**  
Action completed by Hargreaves, Michelle

**8 MAYORAL REPORT****8.1 MAYORAL REPORT**

**File Number:** 02/01/001  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the Mayoral Report.

**REPORT**

The Mayor will present a verbal report at the meeting.

**Cr Straub**

<b>Loddon Campaspe Councils</b>	
<b>Murray River Group of Councils</b>	
<b>North Central Goldfields Regional Library</b>	
<b>North Central Local Learning and Employment Network</b>	
<b>Rural Councils Victoria</b>	
<b>Section 65 Community Asset Committees:</b>	
East Loddon Community Centre Community Asset Committee	
Pyramid Hill Memorial Hall Community Asset Committee	
<b>Other Council activities</b>	
<b>DATE</b>	<b>Activity</b>

**9 COUNCILLORS' REPORT****9.1 COUNCILLORS' REPORTS**

**File Number:** 02/01/001  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the Councillors' reports.

**REPORT**

Each Councillor will present a report at the meeting.

**Cr Beattie**

<b>Rail Freight Alliance</b>	
<b>Section 65 Community Asset Committees:</b>	
Boort Aerodrome Community Asset Committee	
Boort Memorial Hall Community Asset Committee	
Boort Park Community Asset Committee	
Korong Vale Mechanics Hall Community Asset Committee	
Korong Vale Sports Centre Community Asset Committee	
Little Lake Boort Community Asset Committee	
Yando Public Hall Community Asset Committee	
<b>Other Council activities</b>	
<b>DATE</b>	<b>Activity</b>

**Cr Holt**

<b>Municipal Association of Victoria</b>	
<b>Audit and Risk Committee</b>	
<b>Section 65 Community Asset Committees:</b>	
Donaldson Park Community Asset Committee	
Wedderburn Community Centre Community Asset Committee	
Wedderburn Engine Park and Market Square Reserve Community Asset Committee	
Wedderburn Mechanics and Literary Institute Hall Community Asset Committee	
Hard Hill Tourist Reserve Community Asset Committee	
<b>Other Council activities</b>	
<b>DATE</b>	<b>Activity</b>

**Cr Jungwirth**

<b>Australia Day Committee</b>	
<b>Central Victorian Greenhouse Alliance</b>	
<b>Municipal Emergency Management Planning Committee</b>	
<b>Other Council activities</b>	
<b>DATE</b>	<b>Activity</b>

**Cr Murphy**

<b>Calder Highway Improvement Committee</b>	
<b>Local Government Women’s Charter</b>	
<b>Healthy Minds Network</b>	
<b>Section 65 Community Asset Committees:</b>	
Campbells Forest Hall Community Asset Committee	
Inglewood Community Sports Centre Community Asset Committee	
Inglewood Community Elderly Persons Units Community Asset Committee	
Inglewood Town Hall Hub Community Asset Committee	
<b>Other Council activities</b>	
<b>DATE</b>	<b>Activity</b>



**10 DECISION REPORTS**

Nil

**11 INFORMATION REPORTS**

Nil

**12 COMPLIANCE REPORTS****12.1 AUDIT AND RISK COMMITTEE BIENNIAL REPORT AND MINUTES****File Number:****Author:** Amanda Wilson, Director Corporate**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer**Attachments:**

1. **Audit and Risk Committee Biannual Report November 2022**
2. **Audit and Risk Committee Minutes 7 November 2022**

**RECOMMENDATION**

That Council:

- (a) notes the Audit and Risk Committee Biannual Report November 2022
- (b) notes the Audit and Risk Committee 7 November 2022 meeting minutes

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this paper, or involved in the subject matter of the paper.

**PREVIOUS COUNCIL DISCUSSION**

A biannual report from the Audit and Risk Committee is a requirement of the Audit and Risk Committee Charter and the Local Government Act 2020. The Committee received the previous report at the May 2022 Council meeting.

**BACKGROUND**

The Audit and Risk Committee provides support to Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, maintenance of a sound internal control environment, assurance activities including internal and external audit and Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

Section 9 of the Charter states:

- a) *Minutes of Committee meetings will be provided to Council at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting.*
- c) *The Chairperson (through the Director Corporate) will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum. One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.*

Under Section 54(5) of the *Local Government Act 2020*:

*An Audit and Risk Committee must:*

- a) *prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
- b) *provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

### **ISSUES/DISCUSSION**

The minutes of the 7 November 2022 Audit and Risk Committee meeting, and Audit and Risk Committee Biannual Report November 2022 are provided as an attachment.

The biannual report encompasses the activities of the Audit and Risk Committee for the March 2022 to October 2022 period. Activities reported on includes the internal audit program, meetings, outstanding audit actions and the focus areas for upcoming six months.

Assessment against the Committee Charter is provided within the report and includes status updates for financial and performance reporting; internal control environment, risk management, fraud prevention systems and controls; internal audit; external audit and compliance management.

### **COST/BENEFITS**

The benefit of this report is providing all Councillors with oversight of the work of the Audit and Risk Committee.

There is no cost associated with development of this report, however there are costs associated with undertaking regular internal and external auditing of Council activities. Council's internal audit contract concludes in June 2023 and this contract will be market tested. Auditing and risk management oversight provides a level of surety for Council that services are undertaken efficiently and effectively.

### **RISK ANALYSIS**

The Audit and Risk Committee has risk management oversight for the Council and monitors, reviews, endorses and advises Council on the matters as set out in the Charter.

### **CONSULTATION AND ENGAGEMENT**

Relevant officers were consulted in the preparation of the Audit and Risk Biannual Report. The report was endorsed by the Audit and Risk Committee at the 7 November 2022 meeting.

# LODDON SHIRE COUNCIL

## AUDIT AND RISK COMMITTEE BIANNUAL REPORT: NOVEMBER 2022



## DOCUMENT INFORMATION

DOCUMENT TYPE:	Strategic document
DOCUMENT STATUS:	Draft
POLICY OWNER POSITION:	Director Corporate
INTERNAL COMMITTEE ENDORSEMENT: APPROVED BY:	Audit and Risk Committee Council
DATE ADOPTED:	<a href="#">Click here to enter date of approval</a>
VERSION NUMBER:	1
REVIEW DATE:	<a href="#">Click here to enter a date.</a>
DATE RESCINDED:	<a href="#">Click here to enter a date.</a>
RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	<a href="#">Click here to enter text.</a>
RELATED LEGISLATION:	<a href="#">Click here to enter text.</a>
EVIDENCE OF APPROVAL:	

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Signed by Chief Executive Officer

FILE LOCATION: Document2

**Strategic documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the Loddon Shire website to ensure that the version you are using is up to date.**

**This document is available in alternative formats (e.g. larger font) if requested.**

## ACKNOWLEDGEMENT OF COUNTRY

**Loddon Shire Council acknowledges the Traditional Custodians of the land comprising the Loddon Shire Council area. Council would like to pay respect to their Elders both past and present.**

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## 1 PURPOSE

The Audit and Risk Committee has been established in accordance with Section 53 of the Local Government Act 2020 (the Act). The committee provides support to Council in discharging its oversight responsibilities related to:

- financial and performance reporting
- risk management
- fraud prevention systems and control
- maintenance of a sound internal control environment
- assurance activities including internal and external audit and
- Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in the Committee's Charter.

Section 9 (c) of the (draft) Charter states:

*The Chairperson (through the Director Corporate) will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum. One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.*

This requirement is in addition to the legislative requirement under Section 54(5) of the *Local Government Act 2020* which states:

*An Audit and Risk Committee must—*

- a) prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
- b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

## 2 BUDGET IMPLICATIONS

This report does not impact the operational budget.

## 3 RISK ANALYSIS

Through the Council, the Audit and Risk Committee has oversight responsibilities in relation to risk management.

## 4 SCOPE

This report encompasses the activities of the Audit and Risk Committee for the March 2022 to October 2022 period. There were two meetings held during the period on 2 May 2022 and 1 August 2022.

## 5 COMMITTEE MEMBERSHIP

The Committee consists of five members appointed by Council, four of whom are independent members. The Committee membership for this reporting period included independent members:

Member	Initial appointment date	Current term's appointment date	End of current term
Rod Poxon	1 May 2015	1 May 2022	30 April 2026
Jarrah O'Shea	1 May 2019	1 May 2019	30 April 2023
Rod Baker	1 May 2012	1 May 2020	30 April 2024
Rachelle Tippett	1 May 2021	1 May 2021	30 April 2025

Cr Gavan Holt is the Councillor Representative for the Committee, with Cr Neil Beattie as his proxy.

## 6 REMUNERATION

Remuneration is reviewed annually in accordance with the Consumer Price Index for *All Groups – Melbourne for December Quarter to December Quarter*. The current remuneration for independent Committee Members is:

1. Remuneration payable to Independent Committee Members of the Audit and Risk Committee of \$490.00 per meeting
2. An extra quarterly payment to the Chair during a one-year term
3. Payment of a travel reimbursement for Independent Committee Members paid at the rate that Councillors are reimbursed for travel.

## 7 COMMITTEE MEETINGS

Committee meetings are scheduled quarterly as the first Tuesday in February, May, August, and November, with the allowance for special meetings or circulating resolutions where required.

### 7.1 Committee meeting attendance

The following outlines the Committee Members' attendances for meetings in the reporting period:

Name	May 2022 Meeting	August 2022 Meeting	Total	Percentage of Attendance
Rod Baker	✓	✓	2	100%
Rod Poxon	✓	✓	2	100%
Rachelle Tippett	✓	✓	2	100%
Jarrah O'Shea	✓	✓	2	100%
Cr Gavan Holt	✓		1	50%
Cr Neil Beattie	N/A	✓	1	100%

In addition to Committee Members, attendance includes the following officers:

- Chief Executive Officer

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- Director Corporate
- Manager Governance (previously Governance Coordinator)
- Administration Officer Corporate Services.

Additional relevant officers are invited to meetings to discuss their items and any internal audit reports related to their work.

## 8 COMMITTEE GOVERNANCE

### 8.1 Committee Charter

Council was required to approve a new Committee Charter under the Local Government Act 2020. The sector developed a template for use by all councils, which outlines the responsibilities of the Audit and Risk Committee. The charter is supported by an annual work plan that ensures all responsibilities of the Audit and Risk Committee are addressed.

There have been multiple reviews of the Audit and Risk Committee Charter. The Committee endorsed the Audit and Risk Charter at the 2 May 2022 meeting and this was adopted by Council at the 26 July 2022 Council Meeting.

### 8.2 Annual Work plan

The Annual Work plan requirements have been documented in Council’s compliance software “Reliansys” to provide good corporate knowledge on the reports that are required to be presented to the Committee, when they are due, and who needs to provide them. The software will assist in the development of agendas.

## 9 ASSESSMENT AGAINST COMMITTEE CHARTER

In accordance with the Committee’s Charter, the Committee is responsible for:

- Financial and performance reporting
- Internal Control Environment
- Risk Management
- Fraud Prevention Systems and Controls
- Internal Audit
- External Audit
- Compliance Management.

Each of the key responsibilities has been assessed against agenda items and action during the reporting period, with comments provided.

### 9.1 Financial and Performance Reporting

Details	Status
At least annually review significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof	<b>Complete:</b> A report was presented to the Committee on 24 February 2022.

Details	Status
At least annually review changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council's performance indicators;	<b>Complete:</b> A report was provided at the 2 May 2022 meeting.
Review the annual financial report and annual performance statement and consider whether they are complete, consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance and position;	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Review with management and the external auditors the results of the audit, including any difficulties encountered by the auditors and how they were resolved;	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Recommend the adoption of the annual financial report and annual performance statement to Council; and	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Review the appropriateness of the format and content of periodic management financial reports and performance statements to Council as required.	<b>Complete:</b> A report was presented to the Committee at the 2 May and 1 August 2022 meetings.
In accordance with section 40(2) of the Local Government Act 2020 (Reimbursement of expenses of Councillors and members of a delegated committee)_Council must provide details of all reimbursements under this section to the Audit and Risk Committee.	<b>Complete:</b> A report was presented to the Committee at the 2 May and 1 August 2022 meetings.

## 9.2 Internal Control Environment

Details	Status
Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a three to four year period;	<b>Complete:</b> Policies and other strategic documents relevant to the Committee have been presented in accordance with the annual workplan.
Determine whether systems and controls are reviewed regularly and updated where required;	<b>Complete:</b> The internal control environment is reviewed through internal audit reviews. These are provided to the quarterly Committee meetings.
Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;	<b>Complete:</b> A report is scheduled for the 7 November 2022 meeting.
Ensure that a programme is in place to test compliance with systems and controls;	<b>Complete:</b> A report was presented to the Committee on 24 February 2022.
Assess whether the control environment is consistent with Council's Governing Principles.	<b>Outstanding:</b> A report was presented to the Committee on 11 November 2021 and is scheduled for presentation at the November 2022 meeting.

## 9.3 Risk Management

Details	Status
Review annually the effectiveness of Council's risk management framework;	<b>Complete:</b> Key risk management documents were presented to the Committee at the 2 May 2022 meeting. They included: <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Framework</li> <li>• Risk Management Implementation Plan</li> <li>• Risk Appetite Statement</li> <li>• Strategic Risk Report.</li> </ul>
Review Council's risk appetite statement and the degree of alignment with Council's risk profile;	<b>Complete:</b> The Risk Appetite Statement was endorsed by the Committee at the 2 May 2022 meeting and adopted by Council at the 26 July 2022 Council Meeting.
Review Council's risk profile and the changes occurring in the profile from meeting to meeting;	<b>Complete:</b> A report is included in the agenda for the 7 November 2022 Committee meeting.
Review Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;	<b>Complete:</b> A report is included for the 7 November 2022 meeting.
Review the insurance programme annually prior to renewal; and	<b>Complete:</b> A report was presented to the committee at the 2 May 2022 meeting.
Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.	<b>Complete:</b> A report was presented to the Committee on 11 November 2021 and is next scheduled for the February 2023 meeting in line with the annual workplan.

## 9.4 Fraud Prevention Systems and Controls

Details	Status
Review Council's Fraud Prevention policies and controls, including the Fraud and Corruption Control Plan and fraud awareness programme at least every two years;	<b>Outstanding:</b> The internal audit report for Fraud and Corruption is scheduled for presentation at the November 2022 meeting.
Receive a verbal report from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event; and	<b>Complete:</b> A report was presented to the Committee at both the May and August meetings.
Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.	<b>Complete:</b> This forms part of the verbal report (above).

## 9.5 Internal Audit

Details	Status
Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations;	<b>Complete:</b> The Internal Audit Charter was reviewed and endorsed by the Committee at the 2 May 2022 meeting.
Review and approve the three year strategic internal audit plan, the annual internal audit plan and any significant changes to them;	<b>Complete:</b> The Internal Audit Plan was endorsed by the Committee at the May 2022 meeting.
Review progress on delivery of annual internal audit plan;	<b>Complete:</b> A report was presented to the Committee at both the May and August 2022 meetings.
Review and approve proposed scopes for each review in the annual internal audit plan;	<b>Complete:</b> Reports were included in both the May and August agenda to confirm there was no presentation of a scope due to fieldwork needing to commence to be completed and commenced for 2 audits already scoped.
Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;	<b>Complete:</b> Fleet Management review was included at the May Meeting and Governance Framework at the August meeting.
Meet with the leader of the internal audit function at least annually in the absence of management;	<b>Complete:</b> Standing agenda item for each quarterly meeting.
Monitor action by management on internal audit findings and recommendations;	<b>Complete:</b> A report was presented to the Committee at both the May and August meetings.
Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;	<b>Complete:</b> Included in the 2 May 2022 Agenda.
Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider, including being appropriately briefed on the need for any proposed change;	<b>Not applicable:</b> The internal audit contract ends on 1 May 2023.
Recommend to Council, if necessary, the termination of the internal audit contractor.	<b>Not applicable.</b>

## 9.6 External Audit

Details	Status
Annually review and approve the external audit scope and plan proposed by the external auditor;	<b>Complete:</b> A report was presented to the Committee on 11 November 2021.

Details	Status
Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;	<b>Complete:</b> This item was included in the August 2022 agenda.
Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;	<b>Complete:</b> A report was presented to the Committee at both the May and August meetings.
Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views;	<b>Complete:</b> A report was presented to the Committee on 11 November 2021 and is next scheduled to be presented at the November 2022 meeting.
Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and	<b>Complete:</b> The Fraud Control Over Local Government Grants and findings for Loddon Shire Council was presented and discussed at the August 2022 meeting.
Meet with the external auditor at least annually in the absence of management.	<b>Complete:</b> Standing agenda item at each quarterly Committee meeting.

#### 9.7 Compliance Management

Details	Status
Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance;	<b>Complete:</b> A report was presented to the Committee on 11 November 2021.
Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;	<b>Complete:</b> A report was presented to the Committee on 24 February 2022.
Obtain briefings on any significant compliance matters; and	<b>Complete:</b> A report was presented to the Committee on 24 February 2022.
Receive reports from management on the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies), such as the Ombudsman, IBAC, Victoria Government Inspectorate, etc. and monitor Council's responses.	<b>Complete:</b> A report was presented to the Committee on 11 November 2021.
Review reports on Gifts, Benefits and Hospitality.	<b>Complete:</b> A report was presented to the Committee on 11 November 2021.

There are two outstanding items which are scheduled for the November 2022 meeting as noted in the comments above.

## 10 INTERNAL AUDIT PROGRAM

### 10.1 Reports provided to the Committee

During the reporting period the Committee was provided with the following internal audit documents.

Audit Name	Audit Scope	Audit Report
Fleet management ( including fuel usage)	November 2021	May 2022
Governance Framework	February 2022	August 2022

The Review of Fraud and Corruption Control Framework final report is scheduled to be presented at the November Audit and Risk Committee meeting. Fieldwork has commenced on the Data Governance internal audit, the scope was presented at the February 2022 meeting.

### 10.2 Outstanding Actions List

At the commencement of the reporting period there were 69 actions outstanding. At the end of the reporting period there were 12 open audit actions, 6 current and 6 overdue. They are summarised by audit and risk rating in the below table.

Audit	High risk	Medium risk	Low risk	Total
Swimming Pools				
Recreation Reserves		2		2
Caravan Parks			1	1
Review of VPDSS		3	1	4
Fleet Management			2	2
Governance Framework			3	3
<b>Total</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>12</b>

There has been extensive consultation with relevant officers about progress of actions and the relevance of old actions remaining on the list. Audit actions with a high risk rating were a key focus to resolve which resulted in all high risk actions being closed during the reporting period.

The remaining medium actions relating to VPDSS and recreation reserves are expected to be closed in the first half of the upcoming reporting period.

## 11 FOCUS FOR THE NEXT REPORTING PERIOD

### 11.1 Annual performance review

The Committee was provided with a link to a self-assessment survey that was reported to the May 2022 Audit and Risk Committee Meeting. The results of the survey were discussed and any improvement initiatives identified. The survey was undertaken in accordance with the Audit and Risk Committee's Charter requirements.

### 11.2 Financial Statements and Performance Statement

Reporting for the 2021/22 financial year was presented to the Committee at the August 2022 meeting. The meeting also included the Committee having an "in camera" meeting with the internal and external auditors.

**11.3 Risk management**

The Committee endorsed a suite of risk management documents at the May 2022 meeting including the Risk Appetite Statement, Risk Management Framework and Risk Management Policy. A Risk Management Implementation Plan was also endorsed and the status of the actions will be provided biannually to the Committee, the first report due at the November 2022 meeting. The Risk Management Procedure is currently under development to support the policy and framework.

**11.4 Outstanding audit actions**

Focus will continue on completing outstanding actions, particularly those that are assessed as high risk and those that are overdue. A new software program for monitoring of audit actions was implemented in October which facilitates improved reporting and oversight of actions. The first report from this software will be included in the November 2022 agenda.



**Date:** Monday, 7 November 2022  
**Time:** 1.00pm  
**Location:** Loddon Shire Council Chambers, Wedderburn

# MINUTES

## Audit and Risk Committee Meeting



**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**MINUTES OF LODDON SHIRE COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE LODDON SHIRE COUNCIL CHAMBERS, WEDDERBURN  
ON MONDAY, 7 NOVEMBER 2022 AT 1.00PM**

**PRESENT:** Cr Gavan Holt, Mr Rod Poxon, Mr Rod Baker, Mr Jarrah O'Shea and Ms Rachelle Tippett (via WebEx)

**IN ATTENDANCE:** Lincoln Fitzgerald (Chief Executive Officer), Michelle Hargreaves (Administration Officer Corporate), Amanda Wilson (Director Corporate) and Lisa Clue (Manager Governance)

**1 WELCOME**

**2 ACKNOWLEDGEMENT OF COUNTRY**

"The Loddon Shire Audit and Risk Committee acknowledges the Traditional Custodians of the land on which we are gathered and pays its respects to their Elders both past and present."

**3 APOLOGIES**

Nil

**4 DECLARATIONS OF CONFLICT OF INTEREST**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**5 PREVIOUS MINUTES**

**5.1 QUARTERLY REPORT TO ENDORSE MINUTES AND APPROVE PROVISION OF MINUTES TO COUNCIL**

**File Number: FOL/20/612**

**Author: Michelle Hargreaves, Administration Officer**

**Authoriser: Amanda Wilson, Director Corporate**

**RECOMMENDATION**

That the Audit and Risk Committee accepts the minutes of the meeting held 1 August 2022 and notes the presentation of the minutes at the 23 August 2022 Loddon Shire Council meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 9a	Annual Work Plan: 42
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**ISSUES/DISCUSSION**

A copy of the 1 August 2022 Audit and Risk Committee Meeting Minutes were made available in Sharefile for the Committee Members reference and feedback. The Committee Chair advised that the draft Minutes required no amendments.

The minutes were tabled at the 23 August 2022 Council meeting in accordance with the Audit and Risk Committee Charter.

**AUDIT AND RISK COMMITTEE COMMENTS**

No updates

**COMMITTEE RESOLUTION 2022/62**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That the Audit and Risk Committee accepts the minutes of the meeting held 1 August 2022 and notes the presentation of the minutes at the 23 August 2022 Loddon Shire Council meeting.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**6 REVIEW OF ACTION SHEET****6.1 ACTIONS CARRIED FORWARD FROM THE PREVIOUS MEETING****File Number:** FOL/20/612**Author:** Michelle Hargreaves, Administration Officer**Authoriser:** Amanda Wilson, Director Corporate**RECOMMENDATION**

That the Audit and Risk Committee notes there are no actions that have been carried forward from the August 2022 meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 6.1.8

**CONSULTATION AND ENGAGEMENT**

Outstanding meeting actions are monitored by officers and an update provided to each meeting of the Audit and Risk Committee in accordance with the Charter.

No actions have been carried over from the August Audit and Risk Committee meeting.

**AUDIT AND RISK COMMITTEE COMMENTS**

The ARC requested future reports reviewing actions from previous meetings include detail on both actions completed and outstanding actions being carried over.

**COMMITTEE RESOLUTION 2022/63**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That the Audit and Risk Committee notes there are no actions that have been carried forward from the August 2022 meeting.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**7 DECISION REPORTS - PRESENTED BY EXTERNAL PARTIES**

**7.1 INTERNAL AUDIT REPORT: REVIEW OF FRAUD AND CORRUPTION CONTROL FRAMEWORK**

**File Number:** FOL/20/612  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee endorses the Internal Audit Report: Review of Fraud and Corruption Control Framework and accepts the twelve recommended audit actions.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.5.5	Annual Work Plan 26
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Each quarter the Audit and Risk Committee discusses the latest finalised internal audit report.

**BACKGROUND**

The Audit and Risk Committee Charter states that each quarter the committee with review reports on internal audit reviews, including recommendations for improvement arising from those reviews.

**ISSUES/DISCUSSION**

The internal audit report presented to the Audit and Risk Committee this quarter is the Review of Fraud and Corruption Control Framework. This report contains eight findings with twelve actions which are summarised in the table below:

Finding	Number of recommended actions	Risk Rating
The need to review and update the Anti-Fraud and Corruption Policy to ensure alignment with the new AS 8001:2021 standards.	1	Medium
There is a need to enhance the existing Conflict of interest processes.	2	Medium
There is a need to update position descriptions and performance plans of key management staff to include responsibilities / KPIs in relation to fraud and corruption control.	1	Low
There is a need to update the training module to include sections provided in the Standard. Further, there is a need to ensure staff have completed their assigned training modules.	2	Low
There is a need to strengthen processes for managing risks connected to gifts, hospitality, donations, and similar benefits.	2	Medium

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

There is a need to strengthen certain fraud controls implemented within the Council’s business associates vetting and workforce screening process.	2	Medium
The need to apply certain risk management principles set out in AS ISO 31000 in the management of fraud and corruption risks.	1	Medium
Noted that the practices for recording and monitoring fraud and corruption need to be strengthened.	1	Low

**COST/BENEFITS**

The cost of the audit is in accordance with the contract awarded to HLB Mann Judd following the 2019 tender.

**RISK ANALYSIS**

The Audit and Risk Committee is Council’s assurance oversight, which is known as the third line of defence. The first and second line of defence are:

1. Management controls and internal control measures (own and manage the risks)
2. Financial controls, risk management processes, quality controls, security (such as delegations), inspection and compliance (oversee risks).

The three lines of defence are designed to improve the risk management process in the organisation, and the Committee’s work is integral to that.

**CONSULTATION AND ENGAGEMENT**

The report identifies the key stakeholders consulted during the audit and these staff members were consulted in reviewing the audit recommendations and providing management comments.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed the actions and identified timeframes, including some of which had previously been identified by officers. One timeframe date to be amended to February 2023.

**COMMITTEE RESOLUTION 2022/64**

Moved: Mr Rod Poxon  
 Seconded: Mr Jarrah O’Shea

That the Audit and Risk Committee endorses the Internal Audit Report: Review of Fraud and Corruption Control Framework and accepts the twelve recommended audit actions.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**7.2 QUARTERLY REVIEW OF SCOPE OF PROPOSED INTERNAL AUDIT**

**File Number:** FOL/20/612  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee endorse the internal audit scope: Review of Payroll (incl. Data Analytics).

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.5.4	Annual Work Plan: 25
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

At its May 2022 meeting, the Audit and Risk Committee (ARC) endorsed the Strategic Internal Audit Plan 2019-2023 (2022-23 Focus) and noted the delivery status of the Plan.

An internal audit scope is provided to the Audit and Risk Committee for endorsement quarterly.

**BACKGROUND**

The Strategic Internal Audit Plan endorsed by the ARC in May proposed the following Internal Audit reviews for the 2022-23 year:

1. Fraud Corruption and Control Framework
2. Data Governance
3. Payroll (including data interrogation)

The final report for the Fraud Corruption and Control Framework is scheduled for presentation to the committee at the November 2022 meeting.

The fieldwork for the Data Governance audit has commenced and the final report will be presented to the February 2023 meeting.

**ISSUES/DISCUSSION**

The Internal Audit Plan Draft Review of Payroll (incl. Data Analytics) is attached for the Committee's consideration.

In reviewing the scope the Committee should note that the current payroll system will be upgraded, along with a number of core systems, in 2023 as part of the Rural Councils Corporate Collaboration Project. This is expected to occur in the first half of the year.

Officers are of the opinion that undertaking any financial systems related reviews, including Payroll at this point in time would add minimal benefit to Council operations and seek the view of the ARC on deferring the Payroll Audit review, or adjusting the scope of the review.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022**

If the payroll audit was deferred the Committee may give consideration to alternate functions for audit identified in the Strategic Internal Audit Plan:

- Procurement and Contract Management
- Community Engagement
- Grants and Contributions Framework
- Property, Leasing and Licensing
- Asset Management (focus on data)
- Long-Term Financial Planning
- Service Planning and Review Methodology
- COVID-19 Post Learnings
- Enforcement/Regulatory Activities (Buildings/Planning/Local Law etc)
- Events Management.

**COST/BENEFITS**

A benefit of the Committee reviewing the scope prior to commencement of work is that it sets the expectation for the review and its outcomes.

The benefit from completion of the review is the value add that is provided by the recommendations in the internal audit reports provided from review.

The costs of this scope are within the budget of the Internal Audit Contract.

**RISK ANALYSIS**

The risk arising from not seeking the confirmation of the scope of the audit is a misalignment of expectations.

**CONSULTATION AND ENGAGEMENT**

The scope of the review is in response to issues identified during consultation in the development of the Strategic Internal Audit Plan.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed deferring the Review of Payroll and an appropriate replacement review, particularly Long-Term Financial Planning; Property, Leasing and Licensing; and Procurement and Contract Management.

**COMMITTEE RESOLUTION 2022/65**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That the Review of Payroll (incl. Data Analytics) be deferred and replaced with a review of procurement and contract management.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**7.3 ANNUAL REVIEW OF PERFORMANCE OF EXTERNAL AUDITOR****File Number:** FOL/20/612**Author:** Deanne Caserta, Manager Financial Services**Authoriser:** Amanda Wilson, Director Corporate**RECOMMENDATION**

That the Audit and Risk Committee note the review of the performance of the external auditor
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**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.6.4	Annual Work plan: 34
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Nil

**BACKGROUND**

This is a new report and meets the committee charter requirements outlined above.

**ISSUES/DISCUSSION**

For the 2021/22 financial audit, Council once again had external auditors RSD Audit, who are appointed on behalf of the Victorian Auditor General's Office (VAGO). Both the interim and final audit were completed remotely using the online submission portal provided by RSD Audit. This is the fourth annual audit completed by RSD Audit.

The Manager Financial Services will provide a verbal report on the performance of the external auditors.

**COST/BENEFITS**

There is no cost associated with the development of this report other than administrative time. The benefit of this report is an opportunity to share feedback on the performance of the external auditor which can be shared with VAGO, who appoint the external auditors.

**RISK ANALYSIS**

There is little risk associated with this report.

**CONSULTATION AND ENGAGEMENT**

Key staff have been consulted in preparing for this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil



**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**COMMITTEE RESOLUTION 2022/66**

Moved: Mr Rod Poxon

Seconded: Ms Rachelle Tippett

That the Audit and Risk Committee notes the review of the performance of the external auditor.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**8 INFORMATION REPORTS - PRESENTED BY EXTERNAL PARTIES****8.1 RECENT REPORTS AND PUBLICATIONS - LOCAL GOVERNMENT**

File Number:

Author: Amanda Wilson, Director Corporate

Authoriser: Amanda Wilson, Director Corporate

Attachments: 1. Local Government - Recent Reports and Publications November 2022

**RECOMMENDATION**

That the Audit and Risk Committee notes the Recent Reports and Publications, Local Government Sector, November 2022

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.7.4

Annual Work Plan 41

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

The Audit and Risk Committee are presented with a Recent Reports and Publications, Local Government Sector each quarter.

**BACKGROUND**

The Audit and Risk Committee is provided with quarterly reports with details of investigations that have been undertaken by regulatory and integrity agencies that are relevant to the sector.

**ISSUES/DISCUSSION**

The Recent Reports and Publications, Local Government Sector, November 2022 will be presented by HLB Mann Judd.

**COST/BENEFITS**

The benefit is providing the Committee with current reports that may be relevant to Council and its operations. The Committee may choose to have further information provided or seek action from the reports provided.

There is no cost associated with this report.

**RISK ANALYSIS**

The reports are generally related to risk mitigation in the sector, which Council can leverage if it chooses.

**CONSULTATION AND ENGAGEMENT**

Nil.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**COMMITTEE RESOLUTION 2022/67**

Moved: Mr Rod Poxon

Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee notes the Recent Reports and Publications, Local Government Sector, November 2022.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**9 DECISION REPORTS - PRESENTED BY COUNCIL OFFICERS****9.1 REVIEW OF THE FINANCIAL MANAGEMENT POLICY**

File Number: FOL/19/432511

Author: Deanne Caserta, Manager Financial Services

Authoriser: Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee endorses the Financial Management Policy v6 and recommends that Council adopt the policy.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 2.1, 7.1

Annual Work Plan: 7

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

The last version of the Financial Management Policy (v5) was approved by Council in September 2021 after it was discussed and endorsed for Council adoptions at the Audit and Risk Committee 9 August 2021 meeting.

**BACKGROUND**

The purpose of the Financial Management Policy (the Policy) is to provide principles to ensure strong financial management for Council.

**ISSUES/DISCUSSION**

Since most recent review and adoption of this Policy, an insurance review was undertaken and a discussion held around the risks of communicating credit card information. It was recommended as a strong financial practice to include a further section within the policy and communicate this to all necessary staff.

This section is outlined below and is highlighted in red in the draft document attached.

*Credit card details*

*Credit card details are not to be communicated via electronic mail. This is a control put in place to minimise risk of potential unauthorised access to customer card accounts. Details may be taken over the phone and input direct into an EFTPOS machine or online receipting portal.*

*It is strongly recommended that no credit card details are written or kept for future use. Any personal details that have been written must be disposed of in a timely and secure manner.*

**COST/BENEFITS**

There are no direct costs associated with the endorsement or adoption of this policy.

**RISK ANALYSIS**

The addition of the above section and review of practices to follow should limit the risk of unauthorised external parties accessing sensitive ratepayer and staff credit card details.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022****CONSULTATION AND ENGAGEMENT**

The Policy has been subject to the approval process of the Policy Review Group and Management Executive Group prior to presentation to the Audit and Risk Committee. Following this review it will be presented to Council at the next Council Forum.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee requested the following adjustments to point 3.3.1 of the Policy that relates to credit card details:

No credit card details are written or kept for future use. Any personal details that have been written must be disposed of immediately or on the same business day and in a secure manner.

**COMMITTEE RESOLUTION 2022/68**

Moved: Mr Rod Poxon

Seconded: Ms Rachelle Tippett

That the Audit and Risk Committee endorses the Financial Management Policy v6 and recommends that Council adopt the policy.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**9.2 BUSINESS IMPACT ANALYSIS - CORPORATE**

**File Number:** 22/2693

**Author:** Lisa Clue, Manager Governance

**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Endorses the reviewed Business Impact Analysis (BIA) for Customer Service, Information Technology and Telephony, Payroll, Accounts Payable and Financial functions.
2. Notes that the Business Continuity Plan will be updated to reflect the amendments made during the BIA review process.
3. Notes the Business Continuity Framework will be updated to reflect administrative changes identified through the BIA process.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.3.6	Annual Work Plan 17
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Nil

**BACKGROUND**

The Audit and Risk Committee Charter contains an obligation to “*review the approach to business continuity planning arrangements including whether business continuity and disaster recovery plans have been regularly updated and tested*”.

A review of the Business Continuity Policy, Framework and Plan is scheduled annually in February.

In accordance with the minutes of the Audit and Risk Committee meeting of 17 June 2021, one directorate per quarter will undergo a detailed Business Impact Analysis (BIA) review. The Audit and Risk Committee is provided with a quarterly report that outlines any identified amendments.

The directorate review schedule is:

- February – Executive Services
- May – Community Wellbeing
- August – Operations
- November – Corporate.

**ISSUES/DISCUSSION**

Corporate Directorate BIA reviews have been undertaken on the Customer Service, Information Technology and Telephony, Payroll, Accounts Payable and Financial functions.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022**

There are three key elements of the BIA:

1. Maximum Tolerable Period of Disruption (MTPD)
2. Recovery Time Objective (RTO), and
3. Recovery Point Objective (RPO).

The Business Continuity Plan (BCP) defines the terms as:

- MTPD: The time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing an activity, to become unacceptable.
- RTO: The period of time following an incident within which a product or an activity must be resumed or resources must be recovered.
- RPO: The point to which information (data) used by an activity must be restored to enable the activity to operate on resumption.

Amendments to the reviewed BIAs are tracked in the attachments to this report, with a high level summary noted below:

- MTPD, RTO, and RPO are appropriate, and do not require alteration
- External and internal dependencies were updated
- IT application and devices were updated
- Resources for business as usual activities (BAU) and over time were updated
- Position titles were updated.

**COST/BENEFITS**

Resourcing quarterly BIA reviews is provided for within the operational budget using existing staff resources.

**RISK ANALYSIS**

Conducting BIA reviews on a regular basis is good risk management and supports preparedness should there be a need to activate the BCP.

**CONSULTATION AND ENGAGEMENT**

Key personnel from the Corporate directorate were involved in the BIA reviews contained within this report.

Feedback from staff was that this process provides an important reminder about what may be required of them during a BCP event.

**AUDIT AND RISK COMMITTEE COMMENTS**

Learnings from the recent flood event will be considered in a business continuity context and the Business Continuity Plan amended as appropriate.

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**COMMITTEE RESOLUTION 2022/69**

Moved: Mr Rod Poxon

Seconded: Ms Rachelle Tippett

That the Audit and Risk Committee:

1. Endorses the reviewed Business Impact Analysis (BIA) for Customer Service, Information Technology and Telephony, Payroll, Accounts Payable and Financial functions.
2. Notes that the Business Continuity Plan will be updated to reflect the amendments made during the BIA review process.
3. Notes the Business Continuity Framework will be updated to reflect administrative changes identified through the BIA process.

**CARRIED**



**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**7 NOVEMBER 2022**

**9.3 REVIEW OF COUNCIL’S RISK PROFILE AND TREATMENT PLANS FOR SIGNIFICANT RISKS**

**File Number:**

**Author:** Lisa Clue, Manager Governance

**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee note Council’s strategic risk profile and treatment plans for significant risks.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3.3 and 7.3.4	Annual Work Plan: 13 and 4
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Audit and Risk Committee members last received a report on this matter in November 2021.

**BACKGROUND**

The Audit and Risk Committee Charter requires a review of Council’s risk profile and changes occurring in the profile from meeting to meeting, as well as a review of treatment plans for significant risks.

In November 2021, it was reported to the ARC that Council had 159 risks, represented in the following table:

Likelihood	Consequences				
	1 : INSIGNIFICANT	2 : MINOR	3 : MODERATE	4 : MAJOR	5 : CATASTROPHIC
E: Rare	2	0	0	2	2
D: Unlikely	15	36	1	4	5
C: Possible	8	51	18	1	0
B: Likely	2	6	3	1	0
A: Almost certain	0	1	1	0	0

It was further reported that work was underway to decentralise the risk register to improve monitoring and reporting

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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High rated risks at that time were:

Risk ID	Risk Description
32	There is a risk that Council will be financially unsustainable due to its strong reliance on grants to deliver services and capital works projects.
133	Changes in community expectations
142	No Service Delivery Review Framework
170	Failure to adequately manage chemical storage at Council swimming pools.
172	Failure to give effect to the overarching governance principles in accordance with Section 9(2) of the Local Government Act 2020.
175	There is a risk that Council will not be compliant with the OHS 'manslaughter' legislation.
179	Climate change
182	Failure to prevent and manage cyber incidents and cyber changes.
183	Failure to manage reputational risk
184	Failure to appropriately manage property and infrastructure.
188	Failure to manage impacts on the environment
199	There is a risk that local laws cannot be enforced due to expiry of local laws.

In relation to Risk 199, it was reported that a combined local law, encompassing Council's remaining local laws was currently in the final stages of approval.

**ISSUES/DISCUSSION**

Over recent months, officers have aligned existing risk registers to Council's Risk Framework supporting focus on strategic risks whilst also monitoring operational risks with major or catastrophic risk ratings.

Council's Strategic Risk Register currently contains the following five risks:

Risk ID	Register	Description	Impact	Likelihood	Risk Category
32	Strategic Risk Register	Council's constrained revenue streams including rating income and grants limits Council's ability to raise revenue, which may result in Council becoming financially unsustainable over time.	Asset risk Financial sustainability risk Service delivery risk Capital works delivery risk	D : Unlikely	Government policy
<b>Risk Level (Intensity): Low (9.14%)</b>					

## AUDIT AND RISK COMMITTEE MEETING MINUTES

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Risk ID	Register	Description	Impact	Likelihood	Risk Category
56	Strategic Risk Register	An ageing and changing demographic within Loddon Shire communities may lead to a shortfall in volunteers in the community and impact on Council's ability to deliver services currently provided by volunteers.	Service provision Financial sustainability	C : Possible	Demographic
<b>Risk Level (Intensity): Medium (10.29%)</b>					
80	Strategic Risk Register	The increase and severity of climate events such as heat, flood, and storm, may lead to a change in the operations of Council to accommodate wetter and drier soils and the impact they have on infrastructure and building assets.	Financial impact Service delivery impact	B : Likely	Climate change
<b>Risk Level (Intensity): High (4.57%)</b>					
182	Strategic Risk Register	The extensive use of information technology to provide contemporary and efficient business practices may result in Council's systems being infiltrated by cyber criminals resulting in loss of data or being locked out of Council's core systems.	Data risk Financial risk Regulatory risk Service delivery risk	B : Likely	Cyber security
<b>Risk Level (Intensity): High (12.57%)</b>					
186	Strategic Risk Register	The increase and severity of climate events such as heat, flood, and storm may result in business disruption for Council and lead to a disruption or change to Council's services.	Reputation risk Service delivery impact	A : Almost certain	Business continuity
<b>Risk Level (Intensity): Very High (5.71%)</b>					

AUDIT AND RISK COMMITTEE MEETING MINUTES

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In terms of reporting on ‘treatment plans for significant risks’, the following are control measures relating to the Strategic risks rated high and very high:

Risk ID	Risk Description	Risk Level (Intensity)	Control Measure Description	Control Effectiveness
80	The increase and severity of climate events such as heat, flood, and storm, may lead to a change in the operations of Council to accommodate wetter and drier soils and the impact they have on infrastructure and building assets.	High (4.57%)	Exploration of alternate products or work methods across the range of Council infrastructure types	Excellent controls
			Drought proof playing surfaces and community facilities with water saving initiatives	Excellent controls
			Implementation of innovative design into planning of new or renewal of infrastructure that assists with climate change risk mitigation	Good controls
			Keep abreast of climate change impacts from subject matter experts	Good controls
			Completion of the South West Loddon pipeline project.	Excellent controls
			Maintain current condition records for Council infrastructure assets should funding or insurance cover be sought for reinstatement.	Good controls
			182	The extensive use of information technology to provide contemporary and efficient business practices may result in Council’s systems being infiltrated by cyber criminals resulting in loss of data or being locked out of Council’s core systems.
We are also pricing a SIEM (Security Incident and Event Management) solution as well as the implementation of an outsourced SOC (Security Operations Centre) for 24/7 monitoring and response to cyber security related incidents, given our IT capability does not extend to 24/7.	Excellent controls			
Councillor and staff training program regarding cybercrime and phishing emails	Poor controls			
Alert emails are provided to registered users from the IT Department when a known threat is identified.	Fair controls			
Multi-factor authentication has been implemented for remote access to the network.	Excellent controls			

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Risk ID	Risk Description	Risk Level (Intensity)	Control Measure Description	Control Effectiveness
186	The increase and severity of climate events such as heat, flood, and storm may result in business disruption for Council and lead to a disruption or change to Council's services.	Very High (5.71%)	Awareness and planning for predicted environmental or climate related risks	Fair controls
			Business continuity management policy and framework - includes remote working arrangements for office based staff.	Fair controls
			Business continuity management plan - includes remote working arrangements for office based staff.	Fair controls

Operational Risk Profile

A full review of operational risk registers is currently underway including realignment to the organisational structure where required, clarity of risks and review of risk controls and risk levels. Monitoring of a low number of risks within these registers rated high will continue during the review process.

**COST/BENEFITS**

Financial impacts of risks and/or control measures will be managed through Council's budget process.

**RISK ANALYSIS**

This report is a requirement of the Audit and Risk Committee Charter.

**CONSULTATION AND ENGAGEMENT**

Relevant officers have been involved in the development of this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

Learnings from the recent flood event will be considered in a risk context and any identified risks and control measures included in the Risk Register as appropriate.

**COMMITTEE RESOLUTION 2022/70**

Moved: Mr Rod Poxon  
 Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee note Council's strategic risk profile and treatment plans for significant risks.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**9.4 AUDIT AND RISK COMMITTEE BIENNIAL REPORT****File Number:** FOL/20/614**Author:** Amanda Wilson, Director Corporate**Authoriser:** Amanda Wilson, Director Corporate**RECOMMENDATION**

That Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Biannual Report: November 2022
2. Provides a copy of the Audit and Risk Committee Biannual Report: November 2022 to the Chief Executive Officer for tabling at the next Council Meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 9(c)

Annual Work Plan: 44

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

This is the second biannual report presented to the Audit and Risk Committee, the first report was tabled at the May 2022 Committee meeting.

**BACKGROUND**

Under Section 54(5) of the *Local Government Act 2020*:

*An Audit and Risk Committee must—*

- a) *prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
- b) *provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

**ISSUES/DISCUSSION**

The Audit and Risk Committee Biannual Report: November 2022 is provided as an attachment for consideration and review by the Committee.

Following any amendments or inclusions requested by the Committee the report will be tabled at a Council Meeting.

**COST/BENEFITS**

The benefit of this report is providing all Councillors with oversight of the work of the Audit and Risk Committee.

There is no costs associated with development of this report.

**RISK ANALYSIS**

The Audit and Risk Committee has risk management oversight for the Council.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022****CONSULTATION AND ENGAGEMENT**

There has been no consultation with development of this report. The content was sourced from the minutes of the relevant meetings.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed the frequency of reporting which is a requirement of the Local Government Act 2020 and acknowledged the significant reduction in outstanding audit actions from 69 at the commencement of the reporting period, to 12.

**COMMITTEE RESOLUTION 2022/71**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Biannual Report: November 2022
2. Provides a copy of the Audit and Risk Committee Biannual Report: November 2022 to the Chief Executive Officer for tabling at the next Council Meeting.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**9.5 VAGO FRAUD CONTROL OVER LOCAL GOVERNMENT GRANTS AUDIT ACTIONS  
PROGRESS REPORT**

File Number: FOL/19/58

Author: Amanda Wilson, Director Corporate

Authoriser: Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee note the progress of the actions relating to the Victorian Auditor-Generals' Office review into fraud control over local government grants report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.7.4

Annual Work Plan 41

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

That the Audit and Risk Committee noted the status of the VAGO review into fraud control over local government grants at the May meeting.

**BACKGROUND**

In May 2021 VAGO commenced a review into fraud control over local government grants. Loddon Shire Council was one of six participating councils.

The Victorian Auditor-Generals' Office (VAGO) review into fraud control over local government grants audit was finalised in May 2022. The report identified that Loddon Shire Council could improve in all seven areas:

- Declaring and managing conflicts of interest
- Documenting practice through policies
- Training staff and councillors
- Applying fair and reasonable eligibility criteria
- Assessing and approving applications
- Monitoring and acquitting spending
- Evaluating outcomes

The final report was circulated to the Audit and Risk Committee members out of session prior to the August Committee meeting and the 10 audit recommendations, along with management's agreed action plan was presented to the Committee at the August 2022 Committee meeting.

The Committee requested that the progress of the actions be reported to each meeting until they are closed.

**ISSUES/DISCUSSION**

Progress updates for the 10 recommendations in the VAGO audit are provided in the attachment. One action has been completed and nine have commenced with officer commentary provided as to the progress made in this reporting period.

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**COST/BENEFITS**

There are no direct costs associated with this report.

The benefit is an opportunity for continuous improvement with practice, process and policy.

**RISK ANALYSIS**

There is reputation risk if the actions are not implemented to address the recommendations. This is mitigated through the oversight of the Audit and Risk Committee.

**CONSULTATION AND ENGAGEMENT**

In formulating the action plan to the VAGO recommendation key stakeholders within the Corporate and Community Support directorates were consulted.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee requested quarterly reports on VAGO Audit action progress.

**COMMITTEE RESOLUTION 2022/72**

Moved: Mr Rod Poxon

Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee note the progress of the actions relating to the Victorian Auditor-Generals' Office review into fraud control over local government grants report.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022****9.6 REVIEW OF THE FINANCIAL RESERVES POLICY****File Number:** FOL/19/432511**Author:** Deanne Caserta, Manager Financial Services**Authoriser:** Amanda Wilson, Director Corporate**RECOMMENDATION**

That the Audit and Risk Committee endorses the Financial Reserves Policy v10 and recommends that Council adopt the policy.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 2.1, 7.1

Annual Work Plan: 7

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

The latest version of the Financial Reserves Policy (v9) was approved by Council in April 2020.

**BACKGROUND**

The purpose of the Financial Reserves Policy (the Policy) is to detail how Council provides funds in the reserve and uses funds from the reserve.

Council currently has 23 active financial reserves after three were closed in 2019/20. During that revision Council also applied a capping to a further seven reserves.

**ISSUES/DISCUSSION**

Operation of Council's financial reserves includes allocation of funds into reserves during the annual budget process and at any other time by Council resolution. Cash amounts are transferred into the financial reserves bank account to ensure they are fully cash backed.

During development of the latest Financial Plan, discussions were held regarding the current financial reserves levels and whether they were providing best value for money. An action was included in the Financial Plan: 'Review Financial Reserves Policy to ensure cash is not constrained unnecessarily'. To commence this process, the purpose and relevance of each reserve was discussed at the Council Forum in March 2022, and further discussions held with Loddon Leaders and the Management Executive Group.

Each of the current reserves are listed below with the expected 30 June 2023 balance, commentary around relevance in the current environment, and any action highlighted for updating within the Policy.

## AUDIT AND RISK COMMITTEE MEETING MINUTES

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## Movements approved by Council:

Reserve name and purpose	Projected 30 June 2023 balance	Relevance
Capital Expenditure Reserve	Nil	Reserve only required where projects are not yet completed <b>No Policy change</b>
Caravan Park Development Reserve	\$394K	Profit from caravan operations added to reserve balance and this is used to fund future development <b>No Policy change</b>
Community Planning Reserve	\$1.77M	Remaining unallocated strategic allocations. Reserve only required where projects are not yet completed <b>No Policy change</b>
Gravel & Sand Pit (G.S.P.) Restoration Reserve	\$80K	Capped at \$400K <b>No Policy change</b>
Heritage Loan Scheme Reserve	\$100K	Heritage loans allocation <b>No Policy change</b>
Land and Buildings Reserve	\$734K	Uses income from land sales to fund residential development <b>Policy change: Increase scope to fund purchase and development of land and buildings which includes residential, commercial and industrial (refer Economic Development Reserve)</b>
Little Lake Boort Water Reserve	\$18K	Is used to isolate water transactions related to Little Lake Boort <b>Policy change: Proceeds from the sale of temporary water rights transfer to, transfer from amounts required to purchase water rights or for any other major work expenditures relating to Little Lake Boort</b>
Major Projects Reserve	\$318K	Unspent funds added to reserve balance at the end of each year <b>Policy change: Transfer to the reserve any unspent allocations within the annual budget determined during the budget process as sufficient to fund major projects</b>
Recreation Facilities Improvement Reserve	\$100K	Interest free loans allocation <b>Policy change: Name change to 'Community Loans Scheme' and additional wording to state that after the establishment of the initial reserve, there are no movements in this reserve.</b>

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Reserve name and purpose	Projected 30 June 2023 balance	Relevance
Unfunded Superannuation Liability Reserve	\$1.0M	Funds put aside for future unfunded superannuation calls <b>No Policy change</b>
Unightly Premises Enforcement Provision Reserve	\$100K	Enforcement allocation <b>No Policy change</b>
Unspent Contributions Reserve	Nil	Reserve only required where projects are not yet completed <b>Policy change: Close the reserve, move to new section for closed reserves</b>
Unspent Grants Reserve	\$885K	Reserve only required where projects are not yet completed <b>No Policy change</b>
Valuations Reserve	Nil	Closed in 2019/20 <b>Policy change: Can be removed from document</b>
Waste Management Reserve	\$80K	Capped at \$300K <b>Policy change: Remove the cap</b>
War Memorial Restoration Reserve	Nil	Closed in 2019/20 <b>Policy change: Can be removed from document</b>
Boundary and Township Signage Reserve	\$100K	Capped at \$100K, but no set amount determined to transfer to reserve each year <b>Policy change: Close the reserve, move to new section for closed reserves</b>
Economic Development Reserve	\$514K	There is no set amount transferred to reserve each year; through the budget process the amount transferred offsets the economic development initiatives for the year <b>Policy change: Close the reserve, move to new section for closed reserves</b> <b>Transfer to the Land and Buildings Reserve any remaining balance</b>
Fleet Replacement Reserve	\$765K	\$1M plus relevant CPI is allocated between the fleet and plant reserves annually through the budget process <b>Policy change: Cap at \$150K annually to be allocated to reserve</b> <b>This assists in evening out the yearly costs, anything above this can be requested during the budget process</b>

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Reserve name and purpose	Projected 30 June 2023 balance	Relevance
Information Technology Reserve	\$659K	This reserve is capped at \$800K; there is no set amount determined for transfer to the reserve each year <b>Policy change: Cap at \$150K annually to be allocated to reserve</b> <b>This assists in evening out the yearly costs, anything above this can be requested during the budget process</b>
Plant Replacement Reserve	\$865M	\$1M plus relevant CPI is allocated between the fleet and plant reserves annually through the budget process <b>Policy change: Cap at \$950K annually to be allocated to reserve</b> <b>This assists in evening out the yearly costs, anything above this can be requested during the budget process</b>
Professional Development Reserve	\$22K	Funds put aside for professional development as per senior officers' contractual arrangements <b>No Policy change</b>
Skinner's Flat Water Reserve	Nil	Closed in 2019/20 <b>Policy change: Can be removed from document</b>
Swimming Pool Major Projects Reserve	Nil	The balance of \$250K in the reserve is expected to be spent on major repairs in 2021/22 <b>No Policy change</b> <b>To be reviewed in future discussions around development of the Recreation, Open Spaces and Aquatic Strategy</b>
Units Reserve	\$31K	Capped at \$60K <b>Policy change: Close the reserve, move to new section for closed reserves</b> <b>Now that Building Asset Management Plan (BAMP) has been approved, allocations made during the budget process in line with the BAMP</b>
Urban Drainage Reserve	\$834K	This reserve is capped at \$500K; however it is currently higher than this due to carry over projects <b>Policy change: Remove the cap</b> <b>Stormwater Drainage AMP is showing a high need for funding in the future</b>

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**COST/BENEFITS**

Closing some of the reserves, formalising yearly allocations for others, and setting caps with other reserves will reduce the restricted amount held in these reserves at any given point in time. It will also return cash back to Council for allocation to higher priority projects.

**RISK ANALYSIS**

The Policy defines the specified purpose of each reserve and the conditions around the movements in and out of each reserve. The review and actions out of this report will provide more robust guidelines around the use of financial reserves.

**CONSULTATION AND ENGAGEMENT**

After consultation with Council, this policy was drafted into a version 10 and it followed through the required review stages including Loddon Leaders and MEG, prior to review by Audit and Risk Committee, then presentation again to Council for discussion and meeting for adoption.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2022/73**

Moved: Cr Gavan Holt

Seconded: Mr Rod Poxon

That the Audit and Risk Committee endorses the Financial Reserves Policy v10 and recommends that Council adopt the policy.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**10 COMPLIANCE REPORTS - PRESENTED BY COUNCIL OFFICERS****10.1 QUARTERLY REVIEW OF FINANCE REPORTS AND PERFORMANCE REPORT**

File Number: FOL/20/613

Author: Deanne Caserta, Manager Financial Services

Authoriser: Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Notes the Finance Report for the quarter ending 30 September 2022
2. Confirms that 'performance reporting' is limited to the definition set out in section 7.1 of the Audit and Risk Committee Charter.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1.6

Annual Work Plan: 6

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

At the April 2021 Council Meeting, it was resolved to receive future finance reports on a quarterly basis inclusive of Income Statement, Balance Sheet, Statement of Cash Flow and Statement of Capital Works. This same proposal was recommended to the Audit and Risk Committee. The first quarterly report was presented to the Audit and Risk Committee at the August 2021 meeting.

**BACKGROUND**

Section 54(2)(b) of the Local Government Act and the Audit and Risk Committee Charter and Annual Work Plan call for the Committee to 'monitor Council financial and performance reporting'.

At each meeting in the past, the Audit and Risk Committee has reviewed the financial report for the most recent period.

**ISSUES/DISCUSSION**

Section 7.1 of the Audit and Risk Committee Charter defines 'financial and performance reporting as the below extracted abbreviations:

- 7.1.1 Annually review significant accounting policies and disclosures
- 7.1.2 Annually review changes to the Local Government Performance Reporting Framework
- 7.1.3 Review the annual financial report and annual performance statement
- 7.1.4 Review outcomes of external auditors the results of the audit with auditors and management
- 7.1.5 Recommend the adoption of the annual financial report and annual performance statement to Council
- 7.1.6 As required review financial reports and performance statements
- 7.1.7 Review of reimbursement of expenses of Councillors in accordance with section 40(2) of the Local Government Act.

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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The items above have been included in the Annual Plan and scheduled for appropriate meetings during the year.

Depending upon the timing of the finalisation of the finance report and/or the Audit and Risk Committee agenda papers, the most recent finance report may not be available at the time of distribution of the Audit and Risk Committee papers and will be tabled at the meeting.

**COST/BENEFITS**

The benefit of receiving the quarterly financial report is that accurate and regular financial reporting is being disclosed.

There is minimal cost involved in the preparation of this report.

**RISK ANALYSIS**

The provision of regular and accurate finance reports to the Audit and Risk Committee minimises the risk of Council not operating within the approved budget.

**CONSULTATION AND ENGAGEMENT**

There has been considerable consultation internally with respective managers in understanding their budget responsibilities and keeping within budgetary constraints.

External engagement with the community was undertaken during the submission period of the budget, and regular reporting provides a mechanism of monitoring the financial outcomes of Council against that expectation.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2022/74**

Moved: Mr Rod Poxon

Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee:

1. Notes the Finance Report for the quarter ending 30 September 2022
2. Confirms that 'performance reporting' is limited to the definition set out in section 7.1 of the Audit and Risk Committee Charter.

**CARRIED**



**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**10.2 QUARTERLY REVIEW TO ENSURE THAT MANAGEMENT RESPONSES TO ANY EXTERNAL AUDIT FINDINGS ARE APPROPRIATE AND TIMELY**

**File Number:** FOL/20/612  
**Author:** Deanne Caserta, Manager Financial Services  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**  
 That the Audit and Risk Committee note that Council has one action outstanding in relation to external audit findings.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.6.3	Annual Work Plan 33
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

This review is a requirement of the Audit and Risk Committee Charter and Annual Work Plan, and a standing Audit and Risk Committee Meeting Agenda item.

**BACKGROUND**

Council is subject to an external audit of the financial statements and performance statement annually. Actions may be identified by the external auditor to improve Council’s processes for future audits.

**ISSUES/DISCUSSION**

Council has the open findings for the following external audits:

Name of Audit	Name of Auditor	Number of actions listed	Date listed	Number of actions outstanding
Final Management Letter - 2021-2022 Financial report and Performance Statement	RSD on behalf of VAGO	1	1 August 2022	1

The action relates to: **IT Governance**

**Finding:** Our review of IT governance indicated that there is no formal ICT Steering Committee to direct the activities of the IT Department.

In addition to above, refer to our Business Improvement section above, please for outlined business improvement opportunities identified during our audit.

**Implication:** Given the size of the entity and its increasing reliance on IT systems, it is important to have a sound IT oversight.

**Recommendation:** We recommend the organisation form an IT steering committee to oversee significant IT matters and guide the activities of the IT Department.

**Recommendation:** Accepted

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**Responsible officer:** Manager Information Technology

**Implementation date:** 30 September 2022

**Management Comments:** The Manager role has recently been filled and the Information Technology Strategy is currently being reviewed which will incorporate the opportunities identified in the findings. Given the size of the organisation ongoing IT oversight will be provided by Loddon Leaders (CEO, Directors/Managers) and included as a standing agenda item to ensure all parties are consulted.

**COST/BENEFITS**

The benefit of this report is Audit and Risk Committee oversight to ensure actions arising from the external audit are managed and implemented to improve processes and information.

There is no cost associated with this report.

**RISK ANALYSIS**

Monitoring of the outstanding actions by the Audit and Risk Committee ensures they are responded to appropriately.

**CONSULTATION AND ENGAGEMENT**

Relevant senior staff were consulted about the management action prior to the Management Letter being finalised.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2022/75**

Moved: Ms Rachelle Tippett

Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee note that Council has one action outstanding in relation to external audit findings.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**10.3 AUDIT ACTIONS PROGRESS REPORT**

**File Number:** FOL/20/612  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Notes the progress by management on open audit actions; and
2. Endorse the completed audit actions to be closed.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.5.7	Annual Work Plan 28
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

A review of outstanding audit recommendations is a standing item on the Audit and Risk Committee Meeting agenda in accordance with the Annual Work Plan.

**BACKGROUND**

At the previous Audit and Risk Committee meeting it was reported there was a total of 30 open audit actions as shown in the table below:

Audit Type	Status	
	Current and due soon	Overdue
Internal audits	13	17

**ISSUES/DISCUSSION**

There were 30 open audit actions at the commencement of the reporting period. Active follow up of open audit actions, particularly those which are past their due date and those that are high and medium risk, has continued since the last Audit and Risk Committee meeting.

As a result, 18 audit actions were completed in past quarter. This included the two high risk overdue actions relating to the Victorian Protective Data Security Standards audit.

The Governance Manager and Director Corporate will continue to meet with relevant officers with open actions to support the progression of their completion.

The audit actions completed are summarised in the table below.

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Code	Topic	Opening balance	Added during the quarter	Completed during the quarter	Closing balance	Not updated	Not due to commence	Commenced	Closing balance
SP	Swimming Pools	1		1	0				0
RR	Recreation Reserves	4		2	2			2	2
CP	Caravan Parks	4		3	1		1		1
DS	Review of VPDSS	12		8	4			4	4
FM	Fleet Management	5		3	2			2	2
GF	Governance Framework	4		1	3			3	3
	<b>Total</b>	<b>30</b>	<b>0</b>	<b>18</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>12</b>

The 12 open audit action status and associated risk ratings are summarised in the below table. There are 6 actions overdue and 6 not yet due.

Topic	Not yet due	Due	Overdue	Closing balance	Low risk	Medium Risk	High risk	Very High Risk	Closing balance
RR Recreation Reserves			2	2		2		0	2
CP Caravan Parks	1			1	1			0	1
DS Review of VPDSS			4	4	1	3		0	4
FM Fleet Management	2			2	2			0	2
GF Governance Framework	3			3	3			0	3
<b>Total</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>12</b>

The open audit actions the officers progress commentary are included in the attachment to this report. The completed audit actions are provided in a separate attachment with officer commentary as to the steps taken to address the action.

**COST/BENEFITS**

The benefit of this report is transparency in the progress of actions, and the opportunity for the Audit and Risk Committee to discuss priorities. There is no cost associated with the development of this report.

**RISK ANALYSIS**

Audit actions have been identified to mitigate risks and/or add value to a Council process.

**CONSULTATION AND ENGAGEMENT**

Staff with responsibility for managing actions are consulted in the collating of status reports for outstanding actions.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2022/76**

Moved: Mr Rod Poxon  
 Seconded: Ms Rachelle Tippett

That the Audit and Risk Committee:

1. Notes the progress by management on open audit actions; and
2. Endorse the completed audit actions to be closed.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**10.4 REVIEW OF CONTROL ENVIRONMENT AGAINST COUNCIL'S GOVERNING PRINCIPLES**

**File Number:** FOL/20/613  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**  
 That the Audit and Risk Committee note the report on the assessment of the control environment against the governance principles.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.2.5	Annual Work plan: 11
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**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

Nil

**BACKGROUND**

Section 54(2) of the Local Government Act (the Act) states that the primary functions of the Audit and Risk Committee are to:

- a) monitor the compliance of Council policies and procedures with-
  - i. the overarching governance principles; and
  - ii. this Act and the regulations and any Ministerial directions
- b) monitor Council financial and performance reporting;
- c) monitor and provide advice on risk management and fraud prevention systems and controls;
- d) oversee internal and external audit functions.

**ISSUES/DISCUSSION**

The Act introduces overarching governance principles in Section 9 which states:

- (1) A Council must in the performance of its role give effect to the overarching governance principles.
- (2) The following are the overarching governance principles—
  - (a) Council decisions are to be made and actions taken in accordance with the relevant law;
  - (b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;
  - (c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
  - (d) the municipal community is to be engaged in strategic planning and strategic decision-making;
  - (e) innovation and continuous improvement is to be pursued;

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- (f) collaboration with other Councils and Governments and statutory bodies is to be sought;
- (g) the ongoing financial viability of the Council is to be ensured;
- (h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;
- (i) the transparency of Council decisions, actions and information is to be ensured.

(3) In giving effect to the overarching governance principles, a Council must take into account the following supporting principles—

- (a) the community engagement principles;
- (b) the public transparency principles;
- (c) the strategic planning principles;
- (d) the financial management principles;
- (e) the service performance principles.

Council has a number of plans and strategies in place which align and support the above principals including the Council Plan 2021-2025, the Long Term Financial Plan, Asset Management Strategy, Asset Plan 2022, Business Continuity Management Framework, the Gender Equality Action Plan and the Workforce Plan.

To achieve compliance with responsibilities and legal obligations, help achieve the Council Plan and other strategic documents and manage risk, the following policies, amongst others, are in place:

- Financial Management Policy
- Financial Reserves Policy
- Community Engagement Policy
- Asset Management Policy
- Business Continuity Management Policy
- Public Transparency Policy
- Service Planning Framework Policy
- Community Support Policy

The above listed policies are scheduled for review within a 1 to 4 year timeline dependent on the content and alignment with strategies. These provide assurance of the control environment against the governance principles.

**COST/BENEFITS**

There is no cost associated with the preparation of this report. The benefits of the report are the provision of assurance to the Audit and Risk Committee of Council's control environment against the governance principles.

**RISK ANALYSIS**

There is a risk that Council will not give effect to the overarching governance principles in accordance with Section 9(2) of the Act.

**CONSULTATION AND ENGAGEMENT**

Local Government Victoria (LGV) has been engaging with the sector to develop consistent approaches to various provisions in the Act. Staff will continue to engage with LGV and others in the sector to identify possible approaches to this report.

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**AUDIT AND RISK COMMITTEE COMMENTS**

This review will be included in future reports on the Annual Work Plan.

**COMMITTEE RESOLUTION 2022/77**

Moved: Mr Jarrah O'Shea  
Seconded: Mr Rod Poxon

That the Audit and Risk Committee notes the report on the assessment of the control environment against the governance principles.

**CARRIED**

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**11 INFORMATION REPORTS - PRESENTED BY COUNCIL OFFICERS****11.1 2021/22 END OF FINANCIAL YEAR VARIATION ANALYSIS****File Number:** FOL/20/2500**Author:** Deanne Caserta, Manager Financial Services**Authoriser:** Amanda Wilson, Director Corporate**RECOMMENDATION**

That the Audit and Risk Committee note the 2021/22 End of Financial Year Variation Analysis Report

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter

Annual Work Plan

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

This is the first time the variance report, as presented to Council, is presented to the Audit and Risk Committee.

**BACKGROUND**

The annual budget process requires that budget projections of the current financial year be undertaken to calculate the potential carried forward surplus that will form part of the next year's budget.

Each year once the financial statements have been cleared by the Victorian Auditor-General, a report comparing Council's projected position to actual position is provided to show what changes occurred between March and June, when the projection was developed as part of the budget process, and what occurred by 30 June.

**ISSUES/DISCUSSION**

Council were presented with a 2021/22 End of Financial Year Variation Analysis Report at the Council Meeting on 23 August 2022, which is provided in the Monthly Finance Report format. This variation report was provided in the Council Briefing and provided an opportunity for a more detailed analysis.

This variation report is now presented to the Audit and Risk Committee to assist in assessing and understanding the results in more detail and therefore closing off the 2021/22 financial year.

**COST/BENEFITS**

The benefit of the receiving a variation report of actual to projected budget is that it gives Council and the Audit and Risk Committee an understanding of the difference in the cash surplus position and keeps all key stakeholders fully informed of any changes between budget preparation and the end of financial year.

**RISK ANALYSIS**

The provision of a variance to budget report to Council and the Audit and Risk Committee minimises the risk of not understanding the financial position at year end, and provides reasons for carry over projects.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022****CONSULTATION AND ENGAGEMENT**

There has been considerable consultation internally with respective managers in understanding their budget responsibilities and keeping within budgetary constraints.

External engagement with the community was undertaken during the submission period for the Budget, and regular reporting provides a mechanism for monitoring the financial outcomes of Council performance against the Budget.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee suggested future Variation Analysis reports highlight the highest variances within the body of the report.

**COMMITTEE RESOLUTION 2022/78**

Moved: Ms Rachelle Tippett

Seconded: Mr Rod Poxon

That the Audit and Risk Committee note the 2021/22 End of Financial Year Variation Analysis Report

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

7 NOVEMBER 2022

**11.2 QUARTERLY REVIEW OF GIFTS**

File Number: FOL/20/612

Author: Lisa Clue, Manager Governance

Authoriser: Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee notes the quarterly review of gifts.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.7.3

Annual Work Plan 40

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

This matter was previously considered at the November 2021 Audit and Risk Committee meeting in accordance with the annual work plan.

**BACKGROUND**

This report is a requirement of the Audit and Risk Committee Charter and Annual Work Plan (No. 40 – Review Report on Gifts, Benefits and Hospitality). This report has previously been included as an annual report however will be reported quarterly going forward to comply with the Charter. The report has previously referred to gifts, benefits and hospitality which has been altered to just gifts to fit the definition within the Local Government Act.

**ISSUES/DISCUSSION**

Gift offers to Councillors:

In accordance with section 138 of the *Local Government Act 2020*, Council adopted a Councillor Gift Policy at its March 2021 Council meeting. The Policy describes the process to be followed when a Councillor is offered a gift and requires a Gift Register of declared gifts to be maintained.

In respect of the period November 2021- October 2022 no gifts were declared by Councillors and recorded on the Gift Register.

Gift offers to staff:

The Loddon Shire Council Staff Code of Conduct states 'staff will not accept gifts in their role where it could be perceived to influence the staff member except:

- where the gift would generally be regarded as only having a token value (less than \$50) and could not be perceived to influence the staff member's actions
- where refusal of the gift may cause offence or embarrassment, in which case the gift may be accepted on behalf of the Council and becomes the property of the Council.

Details of gifts received in excess of \$50 must be recorded on Council's gift register.'

In respect of the period November 2021- October 2022, three gifts were declared by Officers and recorded on the Gift Register. These gifts ranged from \$70 - \$400 in value. Two were gifted as tokens of appreciation and one was a lucky door prize from a staff member attending a conference.

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**COST/BENEFITS**

The cost to Council of developing, implementing and reviewing arrangements relating to gift offers to Councillors and Officers is minimal.

**RISK ANALYSIS**

The risk of undeclared gifts is possible, however the requirement to declare is communicated periodically to both Councillors and Officers and mitigated through inclusion in policy.

**CONSULTATION AND ENGAGEMENT**

Relevant staff were consulted during the development of this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

In the lead up to Christmas, Councillors and staff will be reminded of the requirement to declare gifts in accordance with the Act, the Councillor Gift Policy and the Staff Code of Conduct. It was noted there is currently no requirement for declined offers of gifts to be declared. Officers will consider this during future reviews of relevant policies and the Gift Register.

**COMMITTEE RESOLUTION 2022/79**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That the Audit and Risk Committee notes the quarterly review of gifts.

**CARRIED**

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**11.3 QUARTERLY REPORT ON COUNCILLOR EXPENSES**

File Number: FOL/20/612

Author: Deanne Caserta, Manager Financial Services

Authoriser: Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee notes the quarterly report on Councillor expenses.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter 7.1.7

Annual Work Plan 7

**BACKGROUND**

Section 40(2) of the Local Government Act 2020 (the Act) requires Council to provide details to the Audit and Risk Committee of all reimbursements under that section.

It is also a requirement that Council publishes this information annually in the Annual Report, and the information provided to the Audit and Risk Committee will be in the same format for consistency purposes.

**ISSUES/DISCUSSION**

This report provides the Audit and Risk Committee with a quarterly snapshot of the allowances, reimbursements and expenses provided to or on behalf of Councillors for the current financial year.

Cost incurred for quarter one of 2022/23 (July 2022 to September 2022) are:

<b>Quarter One 2022/23</b>	<b>Cr Beattie</b>	<b>Cr Holt</b>	<b>Cr Jungwirth</b>	<b>Cr Murphy</b>	<b>Cr Straub</b>
Councillor Allowance	\$ 8,026.68	\$ 8,026.68	\$ 8,026.68	\$ 8,026.68	\$ 24,902.00
Car Mileage	\$ -	\$ 440.00	\$ 1,212.08	\$ -	\$ 4,500.00
Conference and Training Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Information and Communication Expenses	\$ 92.53	\$ 92.53	\$ 92.53	\$ 92.53	\$ 92.54
<b>TOTALS</b>	<b>\$ 8,119.21</b>	<b>\$ 8,559.21</b>	<b>\$ 9,331.29</b>	<b>\$ 8,119.21</b>	<b>\$ 29,494.54</b>

For comparison purposes, costs incurred for quarter four of 2021/22 (April 2022 to June 2022) is listed below:

<b>Quarter Four 2021/22</b>	<b>Cr Beattie</b>	<b>Cr Holt</b>	<b>Cr Jungwirth</b>	<b>Cr Murphy</b>	<b>Cr Straub</b>
Councillor Allowance	\$ 6,020.01	\$ 6,020.01	\$ 6,020.01	\$ 6,020.01	\$ 18,676.50
Car Mileage	\$ -	\$ -	\$ 3,118.00	\$ -	\$ 4,500.00
Conference and Training Expenses	\$ -	\$ 1,836.08	\$ 3,030.44	\$ 2,391.22	\$ 1,204.79
Information and Communication Expenses	\$ 273.81	\$ 273.80	\$ 273.82	\$ 273.82	\$ 273.82
<b>TOTALS</b>	<b>\$ 6,293.82</b>	<b>\$ 8,129.88</b>	<b>\$ 12,442.26</b>	<b>\$ 8,685.04</b>	<b>\$ 24,655.10</b>

Please note that the car mileage cost for the Mayor is a pro rata charge of \$18,000 for the provision of a car and includes the vehicle and all related running costs.

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**COST/BENEFITS**

The benefit of providing this report to the Audit and Risk Committee is enabling the Committee to monitor Council reimbursements and ensure that these are in line with the approved Council Expenses Policy. There no other costs associated with the report.

**RISK ANALYSIS**

Failure to provide this report would breach Section 40(2) of the Local Government Act 2020, which states: "A Council must provide details of all reimbursements under this section to the Audit and Risk Committee."

**CONSULTATION AND ENGAGEMENT**

Nil.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Manager Financial Services confirmed the timing of the report has included an additional week in the totals reported and there has not been an increase in allowances for Councillors. Timing is to be clarified in future reports.

**COMMITTEE RESOLUTION 2022/80**

Moved: Mr Jarrah O'Shea

Seconded: Mr Rod Poxon

That the Audit and Risk Committee notes the quarterly report on Councillor expenses and timing impact on reported Councillor allowances.

**CARRIED**

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**11.4 RISK MANAGEMENT IMPLEMENTATION PLAN PROGRESS REPORT**

**File Number:** FOL/19/426637  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate

**RECOMMENDATION**

That the Audit and Risk Committee notes the progress of the actions within the Risk Management Implementation Plan.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3	Annual Work Plan: 12-17
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

The Audit and Risk Committee endorsed the Risk Management Implementation Plan at the 2 May 2022 meeting. The Committee requested a biannual update on the status of the actions included in the plan.

**BACKGROUND**

In February 2020, the Audit and Risk Committee received an internal audit report "*Review of Risk Management Framework ISO 31000:2018 (incl. Risk Awareness Survey)*." There were six improvement recommendations in the audit:

1. Risk Management Policy and Framework did not incorporate key aspects or great details about ISO31000:2018 (this standard replaces the 2009 Standard)
2. Risk management induction process is required to reinforce new staff understanding of Council's risk management processes
3. A Risk Appetite Statement has not been established
4. Risk management register has some shortfalls
5. There is no Risk Management Implementation Plan
6. KPI's for risk management have not been identified.

The Risk Management Implementation Plan compliments the Risk Management Framework and the Risk Management Policy and was developed to outline a roadmap to risk management maturity within Council. It also addresses point 5 in the above audit recommendations.

**ISSUES/DISCUSSION**

The Risk Management Implementation Plan is split into three pillars under which there are several actions included:

1. Risk management framework contains nine actions
2. Risk management process contains seven actions
3. Risk management culture contains three actions.

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An additional three actions, under “other strategies”, are not risk management specific, but are intended to facilitate good risk management.

The attachments to this report provide a high level overview of the status of each action within the Plan, the associated risk rating and officer comments providing progress updates.

Of the 22 identified actions:

- 5 have been completed
- 8 have commenced
- 9 are not yet due to start.

There are three overdue actions highlighted in yellow on the attached open actions report. These actions relate to the development of a risk management procedure, reviewing the terms of reference for the Risk Committee and facilitating training sessions.

It is anticipated these actions will be closed by the end of the calendar year so as not to delay or impact other actions requiring these to be completed prior to their commencement.

**COST/BENEFITS**

The benefits of having a roadmap is a clear path to increase risk management maturity within Council.

There should be no costs related to the endorsement of the document presented. Over time additional operational budget may be required for specific projects, which will be incorporated into the annual budget process.

**RISK ANALYSIS**

The document is part of a suite of core risk management documents for Council designed to promote best practice risk management.

**CONSULTATION AND ENGAGEMENT**

Responsible officers were consulted to provide status and commentary updates.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2022/81**

Moved: Mr Rod Poxon  
Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee notes the progress of the actions within the Risk Management Implementation Plan.

**CARRIED**

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**11.5 VERBAL FRAUD AND CORRUPTION REPORT PRESENTED BY THE CHIEF EXECUTIVE OFFICER**

**File Number: FOL/20/614**

**Author: Lincoln Fitzgerald, Chief Executive Officer**

**Authoriser: Lincoln Fitzgerald, Chief Executive Officer**

**RECOMMENDATION**

That the Audit and Risk Committee notes the verbal fraud and corruption report presented by the Chief Executive Officer.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.4.1	Annual Work Plan: 18
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**PREVIOUS AUDIT COMMITTEE DISCUSSION**

A verbal fraud and corruption report is a standing item on the Audit and Risk Committee agenda.

**BACKGROUND**

The Chief Executive Officer will provide a verbal fraud and corruption report.

The report will include:

- actual or suspected instances of fraud or corruption
- analysis of the underlying control failures
- actions taken to address each event.

The report will also include actions taken by Council to report such matters to the appropriate integrity bodies (where applicable).

**AUDIT AND RISK COMMITTEE COMMENTS**

CEO, Lincoln Fitzgerald provided the Committee with an overview of the various attempted cyber-attacks on Loddon Shire systems and processes in place to reduce threats. There were no actual or suspected instances of fraud or corruption reported.

**COMMITTEE RESOLUTION 2022/82**

Moved: Mr Rod Poxon

Seconded: Mr Jarrah O'Shea

That the Audit and Risk Committee notes the verbal fraud and corruption report presented by the Chief Executive Officer.

**CARRIED**



**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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**12 GENERAL BUSINESS**

**12.1 MEETING HELD WITH INTERNAL AND EXTERNAL AUDITORS WITHOUT OFFICERS PRESENT**

**File Number:** FOL/20/612  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**RECOMMENDATION**

That the Audit and Risk Committee confirms the occurrence of the meeting held with the internal and external auditors.

**COMMITTEE REFERENCES**

Committee Charter: 7.5.6, 7.6.6	Annual Work plan: 27, 36
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The Audit and Risk Committee will meet with the internal and external auditors without officers present, in accordance with the Charter requirements.

**AUDIT AND RISK COMMITTEE COMMENTS**

It was noted that a meeting with the internal and external auditors without officers present is conducted annually, or as required, with the last such meeting being August 2022.

In camera meetings for Committee members is to remain a standing agenda item.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****7 NOVEMBER 2022**

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**GENERAL BUSSINESS**

The Committee discussed post internal audit survey options and if they were to be conducted annually or following each internal audit. Director Corporate, Amanda Wilson, will re-circulate the HLB Mann Judd sample surveys and information to the ARC for further discussion.

**13 NEXT REVIEW**

Nil

**NEXT MEETING**

The next Audit and Risk Committee meeting will be held on 6 February 2023 at Wedderburn commencing at 1.00pm.

There being no further business the meeting was closed at 4.10pm.

**13 URGENT BUSINESS**

In accordance with Council's Governance Rules, Clause 53 provides that at a scheduled or special meeting of Council, business that is not included in the agenda notice must only be considered if no more than one Councillor is absent and the Council resolves that the matter is urgent.

Despite this requirement, a matter that is not included in the agenda notice must not be considered at a Council meeting if it will:

- (a) directly and significantly affect the exercise of a person's rights;
- (b) alter the Council Plan or the budget; or
- (c) commit the Council to expenditure exceeding \$20,000.

**14 CONFIDENTIAL ITEMS****RECOMMENDATION**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 66(1) and 66(2)(a) of the Local Government Act 2020:

**14.1 Major Recreation Reserve Floodlighting Upgrade - Serpentine**

This matter is considered to be confidential under Section 3(1)(a) and (g(ii)) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released and private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

Pursuant to Section 66 (5)(b) of the Local Government Act 2020, if released the information to be received, discussed or considered in relation to this agenda item, may prejudice the commercial position of Council and/or disadvantage a private business.

**14.2 Chief Executive Officer Performance Review**

This matter is considered to be confidential under Section 3(1)(f) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

Closing of Meeting to the Public

**RECOMMENDATION**

That the meeting be closed to the public.

**NEXT MEETING**

The next Ordinary Meeting of Council will be held on 24 January 2023 at Wedderburn commencing at 3.00 pm.

There being no further business the meeting was closed at

Confirmed this.....day of..... 2023

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