



MINUTES OF THE HINDMARSH SHIRE AUDIT & RISK COMMITTEE MEETING HELD VIA MICROSOFT TEAMS, WEDNESDAY 13 MARCH 2023, COMMENCING AT 11AM.

PRESENT:

Mr A Roberts (Chairperson), Mr D Welsh (Member), Mr S Coutts (Member), Mr A Cordy (Member), Cr D Nelson (Councillor Delegate), Mayor M Albrecht (Councillor Delegate), Ms Monica Revell (Acting CEO), Ms P Croot (Acting Director Corporate and Community Services), Ms H Boyd (Manager Finance), Mr P Harrison (Internal Auditor), Mr M Thompson (External Auditor), Item 9, Ms A Veitch (Coordinator People and Safety), Item 15.

1. Welcome and Acknowledgement of the Indigenous Community

Welcome and acknowledgement of the Indigenous community by the Chairperson.

Hindmarsh Shire Council acknowledges the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagalk Nations as Traditional Owners of Country.

We recognise the important ongoing role that Indigenous people have in our community and pay our respects to their Elders, past and present.

2. Apologies

Ms Kathie Teasdale (Internal Auditor)

3. Declaration of Interests

Committee Members to declare any known interests in relation to any item published on the agenda for this meeting, either:

- Material; or
- General.

Declaration of material or general interest must also be advised by Committee Members at the commencement of discussion of the specific item.

S Coutts declared that he is undertaking work with Council's Environmental Health Department as an external consultation in relation to onsite wastewater management.

4. Internal & External Auditor Assurance

Assurance from the internal and external auditors that there have been no obstructions to work undertaken.

Nil obstructions noted.

5. Confirmation of Minutes of Previous Meeting

MOVED: D WELSH / D NELSON

That the Minutes of the Audit & Risk Committee meeting held on Wednesday 20 September 2023 via Teams, as circulated to members, be taken as read and confirmed.

Refer attachment 5.1

6. Audit & Risk Committee Annual Work Plan

Responsible Officer: Acting Director Corporate & Community Services
Attachment Number: 6.1 Audit & Risk Committee Annual Work Plan (Actions)
6.2 Audit & Risk Committee Annual Work Plan

Introduction:

The purpose of this report is to review the Audit & Risk Committee Annual Work Plan.

Discussion:

Section 54(3) of the *Local Government Act 2020* provides that the Audit & Risk Committee must adopt an annual work plan.

The original plan was adopted in June 2020 and was developed based on the Audit & Risk Committee Charter committee functions; this has been reviewed annually.

The plan has been reviewed for the period June 2024 to March 2025 and is attached for the Audit & Risk Committee to discuss and amend if necessary.

Council Officers have included specific actions that will ensure compliance with the work plan actions.

Link to Council Plan:

Long-term financial sustainability.

Financial Implications:

This decision has no financial implications.

Risk Management Implications:

An effective Audit & Risk Committee will assist with Council's risk management through independent advice and assurance on internal corporate governance, risk management, internal control and compliance.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any interests, including the type of interest.

Author & Officer Responsible: Petra Croot, Acting Director Corporate & Community Services

In providing this advice as the Author & Officer Responsible, I have no interests to disclose.

MOVED: S COUTTS / A CORDY

That the Audit & Risk Committee adopt the Annual Work Plan for 2024/2025 and endorses the proposed Officer's action items.

7. Audit & Risk Committee Performance

Responsible Officer: Acting Director Corporate & Community Services

Introduction:

The purpose of this report for the members of the Audit and Risk Committee to consider delaying the self-assessment until June 2024.

Discussion:

Under the section 54 of the *Local Government Act 2020* the Audit and Risk Committee must undertake an annual assessment of their performance with the assessment to be tabled at the next meeting of Council.

The self-assessment provides guidance to the Council on the effectiveness of the committee and ensures that the Committee members have the necessary experience to enable the committee to make informed recommendations to the Council. The document also informs the management of any changes that need to be made to reports tabled to the Committee to ensure they can make informed recommendations.

Self-assessments are scheduled in March of each year, however the self-assessment in 2023 was delayed until September. As this was completed so recently, it is recommended to delay the self-assessment until June 2024.

Link to Council Plan:

Ensure responsible risk management principles.

Financial Implications:

This decision has no financial implications.

Risk Management Implications:

Section 54 Audit and Risk Committee Charter

- (4) An Audit and Risk Committee must—
 - (a) undertake an annual assessment of its performance against the Audit and Risk Committee Charter.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any interests, including the type of interest.

Author & Officer Responsible: Petra Croot, Acting Director Corporate & Community Services

In providing this advice as the Author & Officer Responsible, I have no interests to disclose.

MOVED: D WELSH / S COUTTS

That the Audit and Risk Committee delay the annual self-assessment of the Committee until June 2024.

8. Internal Audit Update

Responsible Officer: Acting Director Corporate & Community Services
Attachment Number: 8.1 Internal Audit Findings Action List
8.2 Internal Audit Status Report
8.3 Internal Audit Update Report
8.4 Environmental Health Internal Audit Report
8.5 Accounts Payable and Procurement Project Scope

Verbal report to be given during the meeting by RSD Audit on the recent internal audit publications, internal audit plan, internal audit status, the recently completed internal audit on environmental health and the proposed project scope for the accounts payable and procurement internal audit.

Officers have reviewed the strategic risks of Council along with the recent internal audits and are recommending to the Audit and Risk Committee that the Accounts Payable internal audit be delayed and replaced with an internal audit on payroll. The previous payroll audit was completed over 10 years ago. Officers have identified several high-risk areas that may be included in the audit scope:

- Employees undertaking higher duties;
- Employees working outside the spread of hours;
- Employees engaged under the special engagement clause of the Enterprise Agreement; and
- Employees engaged in multiple positions with Council.

Discussion to be held on progress on internal audit findings action list.

MOVED: D WELSH / S COUTTS

That the Audit & Risk Committee

- 1. Receives the internal audit recent publications and audit status report;***
- 2. Notes the progress on internal audit findings;***
- 3. Receives the update on the recently completed internal audit on Environmental Health.***
- 4. Notes the scope of the accounts payable and procurement internal audit and recommends that the audit be delayed and that RSD initiates an internal audit of Council's Payroll function.***
- 5. That the Payroll Internal Audit Scope be provided to Audit and Risk Committee members out-of-session endorsement.***

9. VAGO AUDIT UPDATE

Responsible Officer: Acting Director Corporate & Community Services
Attachment Number: 9.1 VAGO LG Status Report – November 2023
9.2 VAGO LG Status Report – January 2024
9.3 VAGO Final Management Letter 2021-22
9.4 VAGO LG Status Report – February 2024

Verbal report to be given during the meeting by the attending VAGO representative on the 2023/2024 VAGO Audit strategy.

The results of the 2022/2023 Local Government Audits are included for the Audit & Risk Committee's information.

MOVED: S COUTTS / M ALBRECHT

That the Audit & Risk Committee

- 1. Receives the VAGO audit update, and***
- 2. Acknowledges the efforts of Martin Thomson and on behalf of Council, wish him all the best for the future.***

10. Risk Management Report

Responsible Officer: Acting Director Corporate & Community Services
Attachment Number: 10.1 Strategic Risk Report
10.2 Risk Management Executive Summary

Introduction:

The purpose of this report is to inform the Audit and Risk Committee of Council's current risk portfolio.

Discussion

The attached Risk Management Executive Summary outlines Council's top 10 risks, alongside Council's Strategic Risk Report.

The Risk Register will continue to be updated and reviewed regularly with department officers and management.

The future focus of the Risk Management process will be –

- Reviewing risk treatments and controls in consideration of resourcing and creating reporting systems that ensure that management and the Committee are made aware of any resourcing shortfalls for high-rated risks.
- Developing a new risk appetite statement that articulates the level of risk Council is willing to accept and its tolerance regarding that risk and consider metrics that are sufficiently representative to enable the Committee and Council to measure where the organisation is operating against risk appetite and tolerance.
- Regular review of individual risks with consideration of current controls and possible improvements to further reduce the risk;
- Ensuring the treatment plan listed includes achievable treatments to address risks faced by Council;
- Regular discussion with Senior Management Team about high risks faced by Council;
- Provide ongoing Risk Management awareness training for all staff.

Link to Council Plan:

Ensure responsible risk management principles: Further develop and implement Council's Risk Management Framework and ensure all key risks have been measured and adequately controlled.

Financial Implications:

Nil.

Risk Management Implications:

Management of risks will minimise Council's exposure to adverse financial impacts, improve effectiveness and generate efficiencies.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any conflict of interest, including the type of interest.

Author & Officer Responsible: Petra Croot, Acting Director Corporate & Community Services

In providing this advice as the Author & Officer Responsible, I have no interests to disclose.

MOVED: D WELSH / A CORDY

That the Audit & Risk Committee receives the Risk Management update.

11. Rural Council Transformation Program

Responsible Officer: Manager Finance & Customer Services

Attachment Number:

Verbal report to be given during the meeting by Heather Boyd, Manager Finance & Customer Services on the current status of the Rural Council Transformation Program.

MOVED: D WELSH / M ALBRECHT

That the Audit & Risk Committee receives the verbal audit update on the Rural Councils Transformation Program.

12. Reimbursements & Interstate Travel Register

Responsible Officer: Director Corporate & Community Services
Attachment Number: 12.1 Expenses Reimbursement Listing

Introduction:

This report provides the Audit & Risk Committee with a list of reimbursements made to the CEO and Councillors, and the interstate travel by staff and Councillors for the period 01 September 2023 to 29 February 2024.

Discussion:

A listing is provided for review by the Audit & Risk Committee of payments made to the CEO and Councillors (excluding Councillor Allowances).

There has been no interstate travel between 01 September 2023 and 29 February 2024.

Link to Council Plan:

Strong governance practices

Financial Implications:

This decision has no financial implications.

Risk Management Implications:

Reimbursement will not be made where the transaction cannot be supported with a tax invoice, ensuring that appropriate records are kept and all reimbursements are in accordance with approved policies and processes.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020* officers providing advice to Council must disclose any interests, including the type of interest.

Author & Officer Responsible: Petra Croot, Acting Director Corporate & Community Services

In providing this advice as the Officer Responsible, I have no interests to disclose.

MOVED: D WELSH / D NELSON

That the Audit & Risk Committee

1. **Receives the reimbursement listing for the CEO and Councillors for the period 01 September 2023 and 29 February 2024; and**
2. **Notes that there was no overseas or interstate travel for the period 01 September 2023 and 29 February 2024.**

13. Governance Compliance Report

Responsible Officer: Manager Governance & Human Services
Attachment Number: 13.1 Privacy and Data Protection Policy
13.2 Procurement Policy
13.3 Senior Management Team Meeting Plan
13.4 RelianSys Organisational Compliance Profile

Introduction:

The purpose of this report is to inform Audit Committee of:

- Councils progress with the implementation of the *Local Government Act (Vic) 2020 (Local Government Act)*;
- Council's update of policies relevant to the Committee Charter, including the Privacy and Data Protection Policy and Procurement Policy.
- An update on the Councillor Code of Conduct and Councillors Gifts and Hospitality Policy; and
- Any disclosable gifts, hospitality or benefits to Councillors or Council employees.

Discussion

Local Government Act 2020

Council has completed its substantive implementation of the Local Government Act 2020, with updates to plans, policies and processes undertaken in line statutory reporting period, legislative amendments and reforms.

Local Government Reforms

The Allan Labor Government will be introducing legislation in early 2024 aimed at strengthening the governance and integrity standards of local government. The reforms will introduce mandatory training for Councillors and a uniform Councillor Code of Conduct. Council Officers and Councillors are engaging in reform consultations to ensure that we remain engaged and informed as these changes are introduced.

Local Government Election 2024

Council's governance unit will be focusing on ensuring that the 2024 elections are delivered and that a compliant and effective transition and training plan is in place. Council is working within relevant networks to develop training plans and induction processes, transition plans, as well as planning for all document reviews mandated by the Act after an election. Council will also be participating in the MAV Stand for Council Program to promote candidature in the coming months.

Compliance Reviews – Council Policies

The following policies have been reviewed and are presented to the Committee for consideration endorsement prior to presentation to Council and the community.

- **Privacy and Data Protection Policy (*Attachment 13.1*)**

This Policy was last reviewed in 2020 and has been updated in line with Council’s current information landscape. This update has included website information (including third party providers), an updated collection statement that allows for inter-organisational information sharing, third party requirements (i.e. contractors and those collecting information for or on behalf of Council) and expansion of use and disclosure provisions.

- **Procurement Policy (*Attachment 13.2*)**

Council’s Procurement Policy was last reviewed in 2022 and has been presented as a best practice policy by the Local Government Inspectorate. The policy has been updated in two areas:

1. *Cumulative Spend*

Previously, the policy noted that if the total amount spent on a single supplier over a three-year period exceeds the thresholds for each section under section 2.3.2. then Council officers would need to meet the quotation/tendering requirements of the cumulative/aggregate amount. This is challenging to monitor/implement and is not suited to our processes.

The new proposed wording and requirements are contained in section 2.3.2.1., 2.3.2.2. and 2.3.2.3. and are reflective of standard practice across the Local Government Sector.

2. *Reporting to Audit and Risk Committee – CEO Exemptions*

As an additional measure to monitor and prevent possible instances of fraud or non-compliance with the Policy, section 2.3.4. now states that all exemptions requested under this section are reported to the Audit and Risk Committee.

Gifts and Hospitality

Council is responsible for maintaining a Gifts and Hospitality Register in accordance with both its Councillor (C007) and Staff (HR010) Gifts and Hospitality policies and for reporting on compliance with the policy to the Audit and Risk Committee. In the period of 1 September 2023 to 29 February 2024, there was 1 disclosed gifts, hospitality or benefits to a Councillor and four disclosed gifts to Council staff.

Gift	Outcome
Flowers (Councillor)	Delivered to Nhill Office for public display
Cash - \$50 Library Donation	Stored in Nhill Office Safe
Promotional Calendar	Disposed of
Promotional Calendar	Disposed of
Tin of biscuits	Put out on circulation desk to give away to patrons visiting the Dimboola Library

*Organisational Governance – Senior Management Team Planning (**Attachment 13.3**)*

Council’s Executive Leadership Team have developed a monthly plan for Senior Management Team/Staff meetings to better support organisational information sharing, governance and strategic planning and execution. The Plan will ensure that critical risks and strategies are embedded in our operational activities and that progress against key adopted plans and compliance obligations are tracked and reported on. The monthly plan as been attached to this report for the Committee’s information.

*RelianSys Organisational Profile (**Attachment 13.4**)*

As noted in previous Committee meetings, Council has commenced implementation of RelianSys as a method through which to allocate, track and report on compliance measures. The report provided considers Council's compliance with legislation applicable to our functions and services and provide an initial overview of our progress in implementing the software. Council officers have allocated 676 of the 2967 obligations to Council staff for monitoring and sign off. To transition into using this software, we have focused on obligations that apply to high-risk areas such as enforcement, as well as areas relevant to the governance unit. We will continue to allocate responsibility and ensure each obligation is reviewed and signed off on at appropriate intervals.

Link to Council Plan:

Strong Governance Practices: Ensure compliance with the *Local Government Act 2020*

Ensure Responsible Risk Management Principles

Financial Implications:

Nil.

Risk Management Implications:

The updated policies and plans will ensure that Council maintains its governance, transparency and community engagement obligations under the Act and other relevant regulations.

Keeping up to date with the implementation of the *Local Government Act 2020* and *Gender Equality Act 2020* ensures that Council is meeting its legislative requirements.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any conflict of interest, including the type of interest.

Author and Officer Responsible: Petra Croot, Acting Director Corporate and Community Services

In providing this advice as the Author, I have no interests to disclose.

MOVED: D WELSH / S COUTTS

That the Audit & Risk Committee receives the Governance compliance update and endorses the Privacy and Data Protection Policy and the Procurement Policy be submitted to Council for consideration.

14. Hindmarsh Shire Council Quarterly Financials

Responsible Officer: Manager Finance & Customer Services

Attachment Number: 14.1 Quarterly Finance Report Ending 31 December 2023

Introduction:

The purpose of this report is to provide the Audit & Risk Committee the quarterly finance report to 31 December 2023.

Discussion:

The quarterly finance report for the period ending 31 December 2023 was presented to Council on 7 February 2024.

The report includes a comprehensive income statement, balance sheet, cash flow and capital works statement, along with a dashboard providing information on various financial and non-financial elements of Councils business, and the half yearly Local Government Performance Reporting data.

As at 31 December 2023 the Comprehensive Income Statement reports a year to date surplus of \$6,353,596 against a budgeted surplus of \$5,789,068. Cash at 31 December 2023 was \$13,642,825, with capital works expenditure \$4,258,515 against a year to date budget of \$4,371,584.

Link to Council Plan:

Long-term financial sustainability: Continue to focus on responsible financial management in budgeting and long-term financial planning.

Financial Implications:

This decision has no financial implications.

Risk Management Implications:

The preparation of the quarterly statement is a statutory requirement.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any interests, including the type of interest.

Author & Officer Responsible: Heather Boyd, Manager Finance and Customer Service.

In providing this advice as the Officer Responsible, I have no interests to disclose.

MOVED: A CORDY / M ALBRECHT

That the Audit & Risk Committee receives the quarterly finance report for the period ending 31 December 2023.

16. Incident and Hazard Report

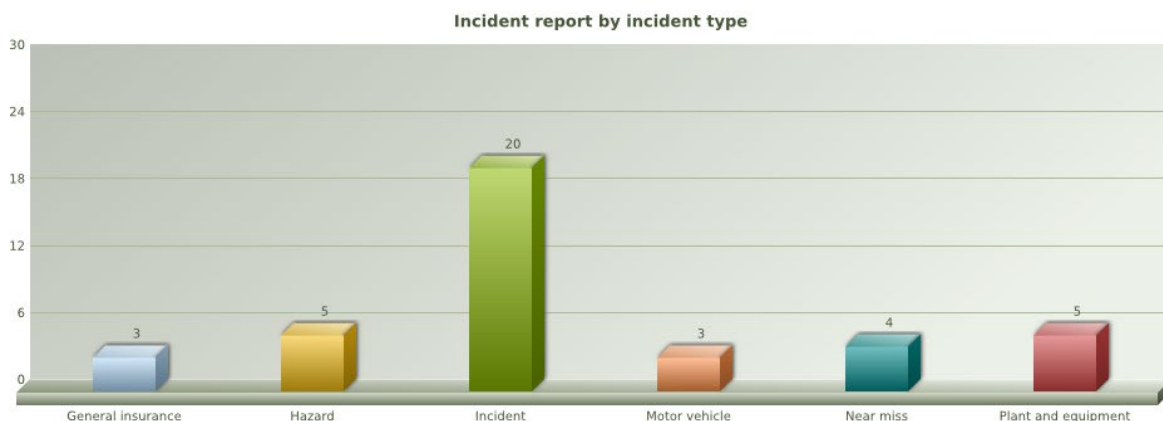
Responsible Officer: Acting Director Corporate & Community Services

Introduction

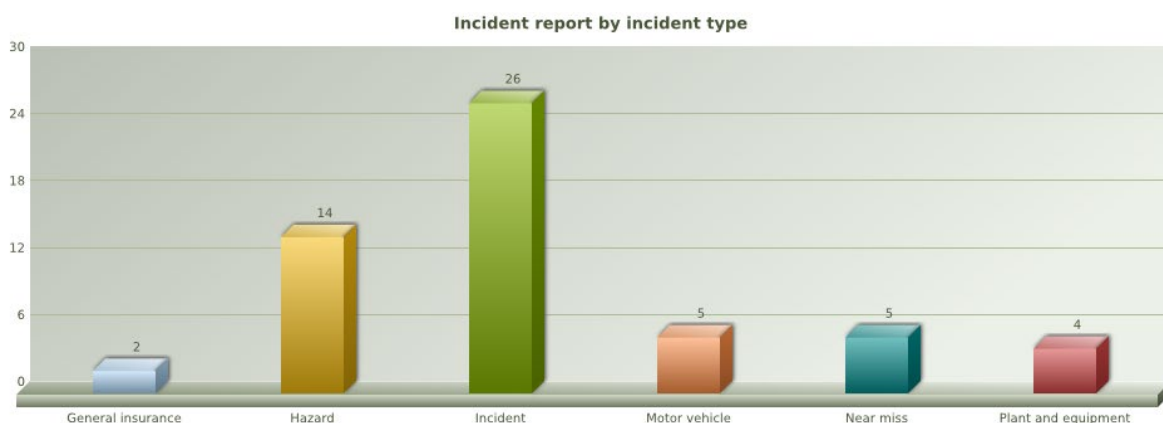
The purpose of this report is to provide the Audit Committee with an update on the Hazard, Incident and Injury Reports from 1 September 2023 and 29 February 2024 and a comparison with the same period in 2022-2023.

Discussion

40 reports were received in the period 1 September 2023 and 29 February 2024. This is in comparison to 56 reports during the same period in 2022-2023.



1 September 2023 – 29 February 2024



1 September 2022 – 29 February 2023

General Insurance:

Three reports received, two involved vandalism and one was theft of fuel from Council plant that was left on site over a weekend. All matters have been reported to police.

Hazards:

5 hazards reported, compared to 14 in the same period 12 months prior. Several issues with Council facilities were reported during that time and it is unclear why there has been such a reduction in hazard reports this year. This highlights a need for a renewed focus on hazard reporting as an incident prevention strategy. Outdoor staff will have hazard reporting linked to their annual performance review objectives in 2024 as a way to highlight the importance of taking notice of hazards and rectifying them.

Incidents:

20 Incident reports were received during this time, which included 9 reports of verbal abuse or harassment by customers. Six incidents required first aid treatment or physiotherapy, with the main mechanism of injury being manual handling. No WorkCover claims have been lodged relating to those injuries. Manual handling training has been arranged for all employees in March 2024.

Notifiable Incidents under the OHS Act:

Nil

Motor Vehicle:

Three reports of minor accidental damage to motor vehicles.

Near Miss:

Four Near Misses reported, narrow avoidance of injury or motor vehicle incident.

Plant and Equipment:

Three reports of minor damage to council equipment and one report of minor damage to private property caused by council equipment.

Link to Council Plan:

Ensure responsible risk management principles.
A skilled Council and workforce capable of meeting community needs.

Financial Implications:

Nil.

Risk Management Implications:

Managing incident and hazard reports is a key aspect of Council's Risk Management Framework. The reporting of hazards and near misses allows hazards to be identified and controlled to mitigate further incidents.

Conflict of Interest:

Under section 130(2) of the *Local Government Act 2020*, officers providing advice to Council must disclose any conflict of interest, including the type of interest.

Author: Angela Veitch, Coordinator People and Safety
In providing this advice as the Author, I have no interests to disclose.

Officer Responsible: Petra Croot, Acting Director Corporate & Community Services
In providing this advice as the Officer Responsible, I have no interests to disclose.

MOVED: M ALBRECHT / D NELSON

That the Audit & Risk Committee receives the Incident Report update.

17. Late Reports

18. General Business

19. Next Meeting

The next meeting will be held on Wednesday 12 June 2024, via Microsoft Teams, commencing at 11am.

Meeting closed 12:53pm