



**MINUTES OF THE HINDMARSH SHIRE AUDIT & RISK COMMITTEE MEETING
HELD VIA MICROSOFT TEAMS, WEDNESDAY 14 JUNE 2023, COMMENCING AT
11:00AM**

PRESENT:

Mr D Welsh (Interim Chairperson Member), Mr A Roberts (Member), Mr S Coutts (Member), Mr A Cordy (Member), Cr D Nelson (Councillor Delegate), Ms M Revell (Director Corporate & Community Services), Ms H Boyd (Manager Finance & Customer Services), Ms Kathie Teasdale (Internal Auditor), Mr M Thompson (External Auditor) items 1 to 9, Ms A Veitch (HR & Safety Officer) item 14, Mr B Short (IT Administrator) items 14 to 16.

1. Welcome and Acknowledgement of the Indigenous Community

Welcome and acknowledgement of the indigenous community by the Chairperson.

We acknowledge the Shire's indigenous community as the first owners of this country. We recognise the important ongoing role that indigenous people have in our community and pay our respects to their elders and people both living and past.

2. Apologies

Greg Wood (Chief Executive Officer); Petra Croot (Manager Governance & Human Services), Cr Brett Ireland (Councillor Delegate),

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.

No conflicts of interest declared.

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 NELSON / A ROBERTS

That the Minutes of the Audit & Risk Committee meeting held on Wednesday 08 March 2023 via Teams, as circulated to members be taken as read and confirmed.

Refer attachment 5.1

9. VAGO Audit Update

Responsible Officer: Director Corporate & Community Services

Attachment Number:

Verbal report to be given during the meeting by Mr Martin Thompson, Crowe on the 2022/2023 VAGO Interim Audit.

There are currently no outstanding external action items.

6. Draft Budget 2023/2024, incorporating the draft Long Term Financial Plan and revised Revenue and Rating Plan

Responsible Officer: Manager Finance & Customer Services

Attachment Number: 6.1 Draft 2023/2024 Budget

Introduction:

This report presents the draft 2023/2024 Annual Budget incorporating the draft Long Term Financial Plan and the revised Revenue and Rating Plan in accordance with the *Local Government Act 2020*.

Discussion:

Council is required under Section 94 of the *Local Government Act 2020* to prepare a budget for each financial year and the subsequent 3 financial years by:

- a) 30 June each year; or
- b) Any other date fixed by the Minister by notice published in the Government Gazette.

The draft budget has been prepared in accordance with relevant statutory requirements, including the *Local Government Act 2020 (the Act)* and *Local Government (Planning and Reporting) Regulations 2014*.

A requirement of the *Local Government Act 2020* is that all Victorian Local Governments are required to adopt a Revenue and Rating Plan by 30 June 2021. The draft Revenue and Rating Plan was developed and adopted on 23 June 2021 and has been revised as part of the draft Budget 2023/2024. The Revenue and Rating Plan was developed to retain the current differentials for farm and commercial/industrial properties (10 percent discount), recreational properties (50 percent discount) and non-farm vacant land (100 percent penalty). When revising the plan consideration was given on the capacity for each class of ratepayer to pay rates and benchmarking against similar councils was undertaken.

The 2023/24 draft budget has been developed to balance the retention of existing community service levels, maintenance and renewal of assets, as well as new initiatives to improve amenity and make Hindmarsh a better place to live. It replicates the format of the four Key Results Areas used in the 2021-2025 Council Plan, namely:

- Our Community;
- Built and Natural Environment;
- Competitive and Innovative Economy ; and
- Good Governance and Financial Sustainability.

The budget has been prepared based on available information to inform forecasts and assumptions. At the time of preparation the Victorian State Government 2023/2024 budget had not been released.

Rates and Charges:

The rates and charges calculated for 2023/24 are based on revaluation figures as at 1 January 2023. The revised Revenue and Rating Plan includes differentials for farms and commercial/industrial properties (10 percent discount), recreational properties (50 percent discount), and non-farm vacant land (100 percent penalty).

The Victorian State government rate cap increase for 2023/2024 has been set at 3.5%. The cap, in line with the Essential Services Commission (ESC) calculation method, applies the increase to the average rates payable per assessment.

The total amount to be raised by general rates and charges in 2023/2024 is \$9.8m which is an increase of \$0.37m from 2022/2023.

Capital Works:

The draft 2023/2024 budget includes capital works expenditure of \$7.45m which is an increase of \$0.37, from 2022/2023.

Community Infrastructure

- Funding obtained through the Local Roads and Community Infrastructure Round 4 will enable Council to undertake works on Community Infrastructure including:
 - Davis Park Upgrades including AFL compliant Changerooms and tiered seating;
 - Dimboola Riverside Holiday Park site expansion;
 - Playground upgrades

- Shade structure for the Rainbow Skate Park;
- Cane ball/Volleyball Court in Nhill;
- Nhill Streetscape Plan Implementation Stage 2.

Tourism Development

- \$80,000 for veranda and urgent roof repairs for the Nhill Historical Society.

Community Centres & Public Halls

- \$100,000 for the Nhill Memorial Community Centre works.

Infrastructure

- Reseals and Final Seals: Council will undertake reseal and final seal projects totalling \$120,000 in 2023/24. These include: Mt Elgin Rd and reseals identified in the condition audits.
- Sealed Road Construction: Council will undertake sealed road construction projects totalling 42,416,153 in 2023/24. These include: Dimboola Minyip Rd, Lorquon-Netherby Rd & Lorquon Rd, Tarranyurk East Rd, Woorak-Ni-Ni-Lorquon Rd and Western Beach Rd.
- Road Resheet Projects: Council will undertake to resheet Dimboola Minyip road during 2023/24 totalling 88,258.
- Unsealed Road Construction: Council will undertake 14 projects to upgrade unsealed roads in 2023/24 totalling \$994,149. These projects include Weirs Rd, Nossacks Rd, C Werner Rd, Propodollah Netherby Rd, P Colberts Rd, F Wheatons Rd and Heinrich Rd.
- Footpaths: Council will undertake \$95,000 of expansions to footpaths in William St, Nhill and Bow St, Rainbow in 2023/24.

The draft 2023/2024 budget incorporating the revised Rating and Revenue Plan and the draft Long Term Financial Plan was presented to Council on Wednesday 31 May 2023. Under Council's Community Engagement Policy the draft budget, revised Revenue and Rating Plan and draft Long Term Financial Plan will be made available for public inspection and the receiving of submissions for the period Wednesday 1 June to Wednesday 21 June 2023. Council will be advised of any submissions received at the 28 June 2023 Council meeting.

The draft 2023/2024 budget incorporating the revised Revenue and Rating Plan and draft Long Term Financial Plan was also available for public inspection at Council's Customer Service Centres or online on Council's website.

Link to Council Plan:

The 2023/2024 Budget provides the funding for Council to undertake its initiatives and activities proposed in the Council Plan's four key result areas. Each program in the Budget contains a statement about how the program will contribute to the initiatives and strategies detailed in the Council Plan 2021-2025.

Financial Implications:

The 2023/2024 Budget is consistent with the parameters set out in Councils' ten-year financial plan.

Risk Management Implications:

The preparation of the Budget 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: Heather Boyd, Manager Finance and Customer Services.

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

Officer Responsible: Monica Revell, Director Corporate and Customer Services.

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

MOVED: S COUTTS / A CORDY

That the Audit & Risk Committee receives the draft 2023/2024 budget incorporating the revised Revenue and Rating Plan as well as the draft Long Term Financial Plan.

Refer attachment 6.1

7. Hindmarsh Shire Council Quarterly Financials

Responsible Officer: Director Corporate & Community Services

Attachment Number: 7.1 Quarterly Finance report ending 31 March 2023

Introduction:

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

Discussion:

The quarterly finance report for the period ending 31 March 2023 was presented to Council on 1 May 2023.

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 March 2023 the Comprehensive Income Statement reports a year to date surplus of \$3,133,855 against a budgeted surplus of \$3,847,543. Cash at 31 March 2023 was \$142,371,011, with capital works expenditure \$5,796,800 against a year to date budget of \$6,745,023.

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: Heather Boyd, Manager Finance & Customer Services

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

MOVED: A ROBERTS / S COUTTS

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

Refer attachment 7.1

8. Internal Audit Update

Responsible Officer: 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 Internal Audit Plan (draft)
8.5 Plant Induction Checklist Handover
8.6 Plant Induction Checklist Internal
8.7 Centrelink Review Completion Report

Verbal report to be given during the meeting by RSD Audit on the recent internal audit publications, internal audit plan, internal audit status, recently completed and underway internal audits.

Manager Finance & Customer Services to discuss progress on internal audit findings action list and recent Centrelink audit.

MOVED: A CORDY / S COUTTS

That the Audit & Risk Committee

- 1. Receives the internal audit recent publications and audit status report;***
- 2. Receives the update on the recently completed and underway internal audits;***
and
- 3. Notes the progress on internal audit findings.***

Refer attachment 8.1, 8.2, 8.3, 8.4, 8.5, 8.6 & 8.7

10. Risk Management Report

Responsible Officer: Manager Governance & Human Services
Attachment Number: 10.1 Strategic Risk Report

Introduction:

The purpose of this report is to inform the Audit and Risk Committee of Council's current strategic risk portfolio through the presentation of the Strategic Risk Report and to seek Committee endorsement to amend the Strategic Risk categories.

Discussion

Council's Strategic Risk Register has been implemented to ensure that:

- Strategic risks are identified;
- Strategic risks are assessed;
- The effectiveness of existing controls is evaluated;
- Residual risk is assessed;
- Risk treatment options are considered;
- Actions are determined and prioritised; and
- Action plans are implemented.

Attachment 10.1 presents Council's Strategic Risk Report and identifies the controls and treatments relating to each risk.

After review, it is proposed to amend the 9 strategic risks of Council to remove *Pandemic* (the provisions of which would be incorporated into other strategic risks, emergency management planning and business continuity planning), add *Project Management and Strategic Execution* as a core strategic risk, and reclassify Climate Change to Environmental Sustainability to more broadly subsume Council's climate, waste management and sustainability risk environment.

The strategic risks would therefore become –

1. Environmental Sustainability
2. Project Management and Strategic Execution
3. Technology Security
4. Government Political and Policy Changes
5. Financial Sustainability
6. Community Needs
7. Organisational Culture and Capability
8. Governance
9. Asset Management

The Risk Register will continue to be updated and reviewed regularly with department officers and management. A risk session is planned to be held with Council in July 2023 to discuss and review Council's strategic risk register.

There is an active budget submission for the acquisition and implementation of Reliansys, which would provide new risk management capabilities for the maintenance of Council's risk portfolio.

The continuing focus of the Risk Management process will be –

- Reviewing Council's Business Continuity Plan;

- Maintaining Council's Strategic Risk framework in consultation with the Audit and Risk Committee;
- Ensuring that Council's policies, procedures, plans and decision-making responds to the changing legislative and risk environment around climate change;
- Regular review of individual risks with consideration of current controls and possible improvements to further reduce the risk;
- The provision of appropriate risk management training given staffing changes across both organisational directorates;
- Ensuring the treatment plan listed includes achievable treatments to address risks faced by Council; and
- Regular discussion with Senior Management Team about high risks faced by Council.

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: Petra Croot, Manager Governance & Human Services

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

Officer Responsible: Monica Revell, Director Corporate & Community Services

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

MOVED: S COUTTS / D NELSON

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

Refer attachment 10.1

11. Governance Compliance Report

Responsible Officer: Manager Governance & Human Services

Attachment Number: 11.1 Public Interest Disclosure Policy
11.2 Fraud Prevention and Control Policy and Plan
11.3 CEO Employment and Remuneration Policy
11.4 S18 Sub-Delegation under the EPA Act 2017
11.5 S6 Delegation from Council to Council Staff

11.6 S11 Delegation under Planning & Environment Act

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 progress with the implementation of the *Gender Equality Act (Vic) 2020 (Gender Equality Act)*;
- Council's update of the Public Interest Disclosure Policy, Fraud Prevention and Control Policy and Plan and the CEO Employment and Remuneration Policy;
- Council's updated delegations; 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 policies and processes undertaken in line with amendments and reforms.

Compliance Reviews – Council Policies

At the Council meetings held on 5 April, 3 May and 31 May 2023, Council resolved to adopt the following updated policies –

- **Public Interest Disclosure Policy**

This policy fulfils Councils requirement to establish and publish procedures under s 58 of the *Public Interest Disclosures Act 2012* and in accordance with the Guidelines of the IBAC published under s 57 of the same Act.

- **Fraud Prevention and Control Policy and Plan**

The Fraud Prevention and Control Policy and Plan was provided to Council's Audit and Risk Committee for review. At the meeting held on Wednesday 8 March 2023 the Audit and Risk Committee endorsed the revised policy to be presented to Council for adoption. Council adopted the Policy on 5 April 2023 with no amendments.

- **CEO Employment and Remuneration Policy**

Under section 45(1) of the *Local Government Act 2020 (the Act)*, Council must develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy. The policy must provide for a number of requirements under section 45(2) of the Act. The CEO Employment and Remuneration Policy has been reviewed as an act of diligence as the process for Chief Executive Officer (**CEO**) recruitment commences in view of the current CEO's contract expiring in October 2023. The Policy was initially adopted in November 2021.

Minor changes have been made to the policy to ensure effective management of CEO-Councillor relationships and to monitor CEO performance, this includes;

- The addition of prescribed three-monthly Councillor and CEO consultation to informally discuss performance objectives and any pertinent matters as determined by either Council or the Chief Executive Officer;

- Wording adjustment to note that the meeting schedule for the Committee shall be as required, but at a minimum every 6 months.

The Policy is required to be reviewed every three years, but also within 6 months of a Council election.

Compliance Reviews – Delegations

At the Council meeting held on 31 May 2023, Council reviewed and adopted the following instruments of delegation;

- S18 Sub-Delegation under the EPA Act 2017
- S6 Delegation from Council to Council Staff
- S11A Delegation under Planning & Environment Act 1987

These delegations have been reviewed by the appropriate Director in consultation with implicated staff to ensure that all parties are cognisant of the responsibilities and obligations prescribed within the Instruments. The use of these documents ensures Council has compliant appointments, authorisations and delegations to relevant Council staff in place that meet the requirements of the Acts and regulations contained therein.

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 since the previous Audit and Risk Committee meeting, there were no disclosed gifts, hospitality or benefits to Councillors and one disclosed marketing merchandise gift to a member of Council Staff.

Gender Equality Act 2020 Update

Council's Gender Equality Action Plan (**GEAP**) was approved by the Gender Equality Commission on 25 July 2022. The Gender Equality Action Plan, a component of Council's obligations under the Gender Equality Act, is an organisational commitment to improving gender equality in the workplace. Actions undertaken in relation to Council's GEAP since September 2022 include;

- Participation in the People Matter Survey for Local Government (this provides the requisite data for reporting against the 7 workplace gender equality indicators)
- Cultural Awareness training undertaken by Councillors and community-facing select staff;
- LGBTQIA+ reference group (Hindmarsh Pride Committee) formed and continue to meet to provide Council advice on relevant matters, including IDAHOBIT; and
- Gender Impact Assessment template reviewed and updates to ensure that relevant information required for reporting is collated and to increase staff compliance.

Council will be required to submit a progress report by 20 February 2024 relating to its Gender Equality Action Plan, gender impact assessments and progress against the workplace gender equality indicators.

Business Continuity Plan

Council is currently undertaking a review of its Business Continuity Plan (**BCP**) to be presented at the September Audit and Risk Committee Meeting.

Link to Council Plan:

Strong Governance Practices: Ensure compliance with the *Local Government Act 2020*.
Gender Equity respect and leadership: Demonstrate leadership on gender equity and promote respectful relationships through partnerships, programs, activities, spaces and education and Council's implementation of the *Gender Equality Act 2020*.

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: Petra Croot, Manager Governance & Human Services

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

Officer Responsible: Monica Revell, Director Corporate & Community Services

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

MOVED: A ROBERTS / S COUTTS

That the Audit & Risk Committee receives the governance compliance update.

Refer attachment 11.1, 11.2, 11.3, 11.4, 11.5 & 11.6

12. 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: S COUTTS / A CORDY

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

13. Reimbursements & Interstate Travel Register

Responsible Officer: Director Corporate & Community Services

Attachment Number: 13.1 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 March 2023 to 31 May 2023.

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 March to 31 May 2023.

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.

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: Monica Revell, Director Corporate & Community Services

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

MOVED: D NELSON / S COUTTS

That the Audit & Risk Committee

- 1. receives the reimbursement listing for the CEO and Councillors for the period 01 March 2023 to 31 May 2023; and***
- 2. Notes that there was no overseas or interstate travel for the period 01 March 2023 to 31 May 2023.***

Refer attachment 13.1

14. Incident and Hazarding Report

Responsible Officer: Manager Governance & Human Services
Attachment Number:

Introduction

The purpose of this report is to provide the Audit Committee with an update on the Hazard, Incident and Injury Reports from 1 March 2023 and 31 May 2023.

Discussion

14 reports were received in the period 1 March 2023 and 31 May 2023. This is in comparison to 16 reports during the same period in 2022.



1 March 2023 to 31 May 2023

Incidents:

11 Incident reports were received during this time, which included 5 reports of verbal abuse or harassment by customers. This continues to be the most reported incident type.

Notifiable Incidents under the OHS Act:

One incident was reported to WorkSafe during the period, a serious laceration that required stitches, caused by striking their head on a piece of equipment. The worker did not require additional time off, other than to have the injury treated, and returned to work the following day. The incident was investigated by the coordinator of that unit to identify any controls that can be introduced. The incident was discussed during a Toolbox meeting. WorkSafe did not deem it necessary to attend the workplace and no further action was taken.

The remaining incidents were minor injuries and no lost time.

No new Workers Compensation claims submitted.

Motor Vehicle:

One report of damage caused by hitting an animal.

Plant and Equipment:

One report 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, HR and Safety Officer

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

Officer Responsible: Monica Revell, Director Corporate & Community Services

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

MOVED: A CORDY / S COUTTS

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

15. Late Reports

16. General Business

- Information Technology update provided by Brody Short discussing cyber risks, records management software update, and Council's data backups.
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17. Next Meeting

The next meeting will be held on Wednesday 20 September 2023, commencing at 11am.