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**MINUTES OF THE HINDMARSH SHIRE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS, ON WEDNESDAY 21 SEPTEMBER 2022, COMMENCING AT 11:00 AM**

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**PRESENT:**

Mr B Young (Chairperson), Mr D Welsh (Member), Mr A Roberts (Member), Cr M Albrecht (Councillor Delegate), Mr G Wood (Chief Executive Officer), Ms H Boyd (Manager Finance & Customer Services), Ms P Croot (Manager Governance & Human Services), Ms Kathie Teasdale & Mr Paul Harrison (Internal Auditor), Ms Melissa Saunders (External Auditor)

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**1. Welcome and Acknowledgement of the Indigenous Community**

Welcome and acknowledgement of the indigenous community by the Chairperson.

We acknowledge that this meeting is being held on the lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagalk Nations and we acknowledge them 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.

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**2. Apologies**

Monica Revell (Director Corporate & Community Services), Cr D Nelson (Councillor Delegate), Mr M Thompson (External Auditor)

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**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.

*There were no declarations of interest.*

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#### **4. Internal & External Auditor Assurance**

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

*Nil obstructions noted.*

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#### **5. Confirmation of Minutes of Previous Meeting**

***MOVED: D WELSH / M ALBRECHT***

***That the Minutes of the Audit & Risk Committee meeting held on Wednesday 15 June 2022 via Microsoft Teams, as circulated to members be taken as read and confirmed.***

***CARRIED***

Refer attachment 5.1

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#### **6. Hindmarsh Shire Council Annual Accounts 2021/2022**

**Responsible Officer:** Acting Director Corporate & Community Services  
**Attachment Number:** Annual Accounts and Performance Statement to be attached following VAGO review.

**Introduction:**

The purpose of this report is to provide the Audit & Risk Committee with the audited Annual Financial Statements and Performance Statement for the year ended 30 June 2022.

**Discussion:**

*Local Government Act 2020* (Act) requires a resolution of Council to adopt the In-Principle Financial Statements and In-Principle Performance Statement. The Act also requires a resolution of Council to appoint two Councillors to sign these documents in their final form on behalf of Council, under Section 99 (2) and (3) of the Act.

The Financial and Performance Statements were prepared in accordance with the requirements of the Act and the applicable accounting standards. Copies of the Statements were provided to Crowe (external auditor acting for the Victorian Auditor-General's Office). The audit of the Statements has now been completed.

Once finalised and certified by Council, the Auditor General will prepare the formal report on the Financial and Performance Statements for inclusion in Council's Annual Report 2021/22.

The 2021/22 Financial Statements show a comprehensive surplus of \$8.349 million.

Total revenue for the financial year was \$26.37m, an increase of \$3.37m from the previous financial year. The Increase is largely due to the finalisation of receipt of grant funding for capital projects completed during the financial year such as the Albacutya Bridge as well as receipt of 75% of the yearly Financial Assistance Grant relating to 2022/2023.

Total expenditure for the financial year was \$18.02m a decrease of \$2.58m from the previous financial year. The decrease is largely due to an adjustment of the depreciation recorded for the 21/22 financial year.

At 30 June 2022 Council held \$14.98m cash at bank. The reduction in cash held is attributable to major capital grant funded projects being finalised during the financial year such as the Albacutya Bridge.

Capital works expenditure was \$12.18m for 2021/22, an increase of \$5.68m from 2020/21. The increase is due to a purchase of plant items carried forward from 2020/21 as well as finalising projects such as the Albacutya Bridge, Nhill Caravan Park Improvements, new cabins for the caravan parks as well as the completion of the Rainbow Library.

**Link to Council Plan:**

Strong governance practices  
Long-term financial sustainability  
Ensure responsible risk management principles

**Financial Implications:**

There are no financial implications in this process. The statements outline financial performance for the previous year but costs for their production are part of normal operating expenditure.

**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 – Heather Boyd, Manager Finance and Customer Services.

In providing this advice the Author, I have no disclosable interests in this report.

Officer Responsible – Monica Revell, Director Corporate & Community Services

In providing this advice the Officer Responsible, I have no disclosable interests in this report.

***That the Audit & Risk Committee recommend, pending no material changes to the Statements, that Council approve in principle the Financial Statements and Performance Statement for the year ended 30 June 2022 and authorise any two Councillors to sign the Financial Statements and Performance Statement in their final form.***

**CARRIED**

Refer attachment 6.1 & 6.2

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**7. Internal Audit Update**

**Responsible Officer:** Acting Director Corporate & Community Services  
**Attachment Number:** 7.1 Internal Audit Findings Action List  
7.2 Internal Audit Status Report  
7.3 Internal Audit Update Report  
7.4 Internal Audit – Building Application Review  
7.5 Project Scope – Scoping of Capital Works Projects

Verbal report to be given during the meeting by RSD Audit on the recent internal audit publications, internal audit status, internal building applications audit and project scope for the internal audit – scoping of capital works projects.

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

**MOVED: D WELSH / A ROBERTS**

***That the Audit & Risk Committee***

- 1. Receives the internal audit recent publications and audit status report;***
- 2. Notes the completed internal audit on Building Applications;***
- 3. Notes the progress on internal audit findings; and***
- 4. Following reviewing the project scope for the Scoping of Capital Works internal audit recommend Council undertake the audit.***

**CARRIED**

Refer attachment 7.1, 7.2, 7.3, 7.4, & 7.5

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**8. Risk Management Report**

**Responsible Officer:** Manager Governance & Human Services  
**Attachment Number:** 8.1 Risk Actions Report  
8.2 Detailed Risk Report  
8.3 Strategic Risk Report

**Introduction:**

The purpose of this report is to inform the Audit and Risk Committee of Council's current risk portfolio and to present the Strategic Risks that have been introduced into Council's Risk Management system.

## **Discussion**

The attached Risk Actions Report outlines actions associated with Council's identified risks.

A detailed copy of all risks entered into the Risk Register is attached, which shows the number of risks identified sorted by business function.

The Risk Register is a formal record of all identified potential risks and treatment plans across the organisation. The Risk Register is reviewed frequently working in consultation with management and officers to update the current records and identify any new risks to be included. Risks review dates are scheduled based on the risk rating; higher rated risks are reviewed more frequently and lower rated risks are reviewed less frequently.

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

The continuing focus of the Risk Management process will be –

- Developing 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;
- Assessing the risk from the identified hazard – both the significance of the risk and the likelihood that the risk will occur;
- Identifying any foreseeable hazard that has the potential to cause harm or damage to persons or property within the Shire;
- Elimination of the hazard or where this is not possible minimising either the likelihood of the risk occurring, or in the event that the risk occurs, its impact;
- 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.

## **Strategic and Operational Risks**

As presented at the June Audit and Risk Committee meeting, Council has developed a draft list of Strategic Risks. This list has been developed through integrating existing identified strategic risks into appropriate categories, reviewing strategic risk registers from Councils with commensurate risk environments, reviewing guidance provided by Council's insurers, and examining Council's Plan and Vision and Long-Term Financial Plan for strategic risk factors.

A Strategic Risk is one that forces a change in the strategic direction of Council, such as those concerned with the legislative environment, regulatory environment and competitive environment. The Strategic Risks currently identified by Council are

- Government Political and Policy Changes;
- Climate Change;
- Incidence of a Pandemic;
- Cyber Security;

- Community Needs;
- Governance;
- Asset Management;
- Organisational Culture and Capability; and
- Financial Sustainability.

Council will provide the Audit and Risk Committee with a Strategic Risk Report that details existing and proposed treatments for these risks. The Audit and Risk Committee will provide Council with ongoing guidance as to the review and management of these risks.

Operational Risks are those which result from flawed or insufficient policies, processes, procedures, systems and events. Operational risks are generally categorised as people, processes, external events, systems, and legal and compliance risks. Responsibility for Operational Risks will be managed by the Senior Management Team. These are contained within the Detailed Risk Report.

**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: D WELSH / M ALBRECHT***

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

***CARRIED***

Refer attachment 8.1, 8.2 & 8.3

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**9. Reimbursements & Interstate Travel Register**

**Responsible Officer:** Acting Director Corporate & Community Services  
**Attachment Number:** 9.1 Expenses Reimbursement Listing

## 9.2 Summary of Overseas and Interstate Travel

### **Introduction:**

This report provides the Audit & Risk Committee with a list of reimbursements made to the CEO and Councillors and interstate travel by staff and Councillors for the period 01 June 2022 to 31 August 2022.

### **Discussion:**

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

Cr Ireland and Monica Revell, Director Corporate & Community Services, travelled to Canberra for the Australia Local Government Association Conference from 19 to 22 June. A copy of the interstate travel expenses has been provided to the Audit & Risk Committee.

### **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 WELSH / M ALBRECHT**

#### ***That the Audit & Risk Committee:***

- 1. receives the reimbursement listing for the CEO and Councillors for the period 01 June 2022 to 31 August 2022; and***
- 2. notes the summary of overseas and interstate travel.***

### **CARRIED**

Refer attachment 9.1 & 9.2

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## **10. Governance Compliance Report**

**Responsible Officer:** Manager Governance & Human Services  
**Attachment Number:** 10.1 Governance Rules amended 31 August 2022  
10.2 Gender Equality Action Plan  
10.3 Procurement Policy amended 27 July 2022

**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 its Governance Rules and Election Period Policy, as prescribed by amendments to the Local Government Act.
- Council's update on the Procurement Policy following a review.

**Discussion**

*Local Government Act 2020*

The Act is a principles based Act, and contains less prescription in comparison with its predecessor, the *Local Government Act (Vic) 1989*, as a result, Council is required to develop its own various policies, strategies and plans while having regard to the overarching governance principles.

The following table contains a summary of Council's progress with the implementation of the new Act:

Document	Due date	Status
<b>Governance Rules</b>	1 September 2022	Completed
<b>Councillor Expenses Policy</b>	1 September 2020	Completed
<b>Establishment of Delegated Committees</b>	1 September 2020	N/A
<b>Establishment of Asset Committees</b>	1 September 2020	Completed
<b>Establishment of Audit and Risk Committee</b>	1 September 2020	Completed
<b>Public Transparency Policy</b>	1 September 2020	Completed
<b>Councillor Code of Conduct</b>	24 February 2021	Completed
<b>Community Engagement Policy</b>	1 March 2021	Completed
<b>Gift Policy</b>	24 April 2021	Completed
<b>Annual budget</b>	30 June 2021	Completed
<b>Revenue and rating plan</b>	30 June 2021	Completed
<b>Financial Plan</b>	31 October 2021	Completed
<b>Council Plan</b>	31 October 2021	Completed
<b>Community Vision</b>	31 October 2021	Completed
<b>CEO Employment and Remuneration Policy</b>	31 December 2021	Completed
<b>Workforce plan</b>	31 December 2021	Completed
<b>Recruitment policy</b>	31 December 2021	Completed
<b>Staff Code of Conduct</b>	31 December 2021	Completed
<b>Complaints Policy</b>	31 December 2021	Completed
<b>Procurement Policy</b>	31 December 2021	Completed
<b>Gender Equality Action Plan</b>	31 March 2022	Completed
<b>Asset management plans</b>	30 June 2022	Completed

***Governance Rules Update***

At the Council meeting held on 31 August 2022, Council resolved to adopt the amended Governance Rules and Election Period Policy. The draft document was



available for public comment for the period between 28 July 2022 and 18 August 2022.

Amendments to the Act prescribed by the *Regulatory Legislation Amendment (Reform) Act 2022* required Council to develop, adopt and keep in force Governance Rules for or with respect to holding Council and delegated committee meetings by electronic means of communication and requesting approval for attendance at Council meetings and meetings of delegated committees by electronic means of communication.

The Governance Rules were reviewed and updated to ensure compliance with the new provisions. Section 11 was also updated to more effectively and appropriately provide for when there is an equality of votes between two candidates when conducting a Mayoral election.

### ***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. Council's vision in the GEAP is that

- Leadership champions gender equality and is measured on its success;
- Staff culture is inclusive and demonstrates gender equality and leadership is committed to continuous improvement;
- Systems and structures of Hindmarsh Shire Council are gender-equal;
- Improve gender-segregated workforces; and
- Increased capacity to identify and respond to issues and barriers that inhibit gender equality.

The GEAP sets out a number of short and long term actions that Council will undertake to implement this vision.

Under the Gender Equality Act, Council must also complete Gender Impact Assessments (**GIAs**) for all Council projects, policies and services that have a direct and significant impact on the community. The Director Corporate and Community Services and Manager Governance and Human Services are providing ongoing support and guidance to management and staff in the undertaking of GIAs.

### ***Procurement Policy***

A review of Council's Procurement Policy was conducted with minor amendments being recommended and adopted by Council on 27 July 2022.

Amendments include:

#### ***2.2.3 Methods***

The policy has been updated to include purchasing methods for panel contracts and utilising Procurement Australia, Municipal Association and other State and Federal Government agency or department purchasing panels.

#### ***2.2.4 Responsible Financial Management***

The policy has been updated to include the following paragraphs:

Council staff must not authorise the expenditure of funds in excess of their financial delegation.

Purchases must not be split to fit within their financial delegation or to avoid requirements under this procurement policy for quotations and tenders. Council staff

that breach their delegated authority may face action under Council's Discipline and Termination Policy. The decision to initiate disciplinary action or other action will be taken by the CEO based on a recommendation by the Director Corporate & Community Services following consultation with the relevant Director or Executive Manager.

### **2.3 Procurement Processes and Thresholds**

The policy has been updated to allow for Panel Contracts and Collaborative Procurement, and additional exceptions to obtaining quotations.

#### *Panel Contracts*

Contractors may be engaged through the use of panel contracts which Council has put in place. Supplier panels may be appointed by Council after a publicly advertised tender process has taken place.

Purchases may be made directly from the supplier panel to source goods, services of works. A supplier, consultant and / or contractor listed on an approved supplier panel has been assessed against a value for money criteria for inclusion on a preferred supplier panel arrangement.

#### *Collaborative Procurement*

In accordance with s 108(c) of the Local Government Act 2020 Council will give consideration to collaboration with other Councils and public bodies or utilise collaborative procurement arrangements, when procuring goods, services or works. This may be done by assessing:

- The nature of the opportunities available (if any), and the councils or public bodies with whom they are available; and
- Whether the identified opportunities should be perused

Council may collaborate with other councils or use other agents (such as MAV Procurement or Procurement Australia) to procure goods, services and works or utilise existing collaborative procurement arrangements for the procurement of goods, services or works established through a public tender process where it provides an advantageous value for money outcome for Council.

#### *2.3.3 Exceptions to obtaining quotations*

The following additional exceptions have been included;

- Legal Services;
- Labour Hire;
- Information technology resellers and software developers;
- Sole supplier services such as Utility providers (power and water).

#### *2.3.4 Chief Executive Officers Discretion*

The following additional discretion has been included:

- Where there is an inability to obtain sufficient quotations.

#### **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:**

Keeping up to date with the implementation of the *Local Government Act 2020*, and *Gender Quality Act 2020* helps to ensure Council is meeting its legislative requirements.

The Governance Rules will ensure that council maintains its governance and community engagement obligations under the Act.

**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: D WELSH / A ROBERTS**

***That the Audit & Risk Committee receives the Governance compliance update.***

**CARRIED**

Refer attachment 10.1, 10.2 & 10.3

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**11. Incident and Hazarding Report**

**Responsible Officer:** Manager Governance & Human Services

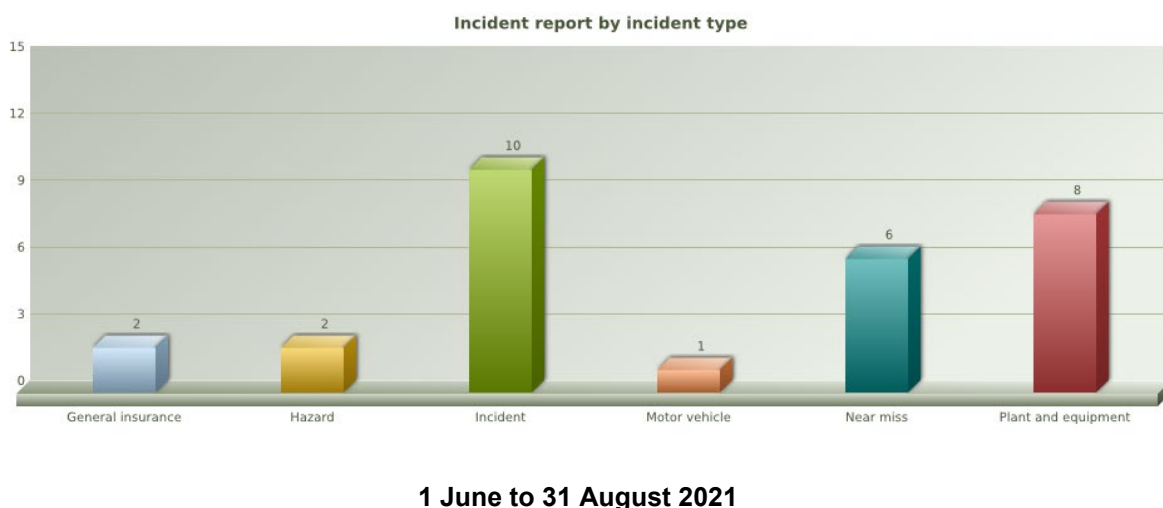
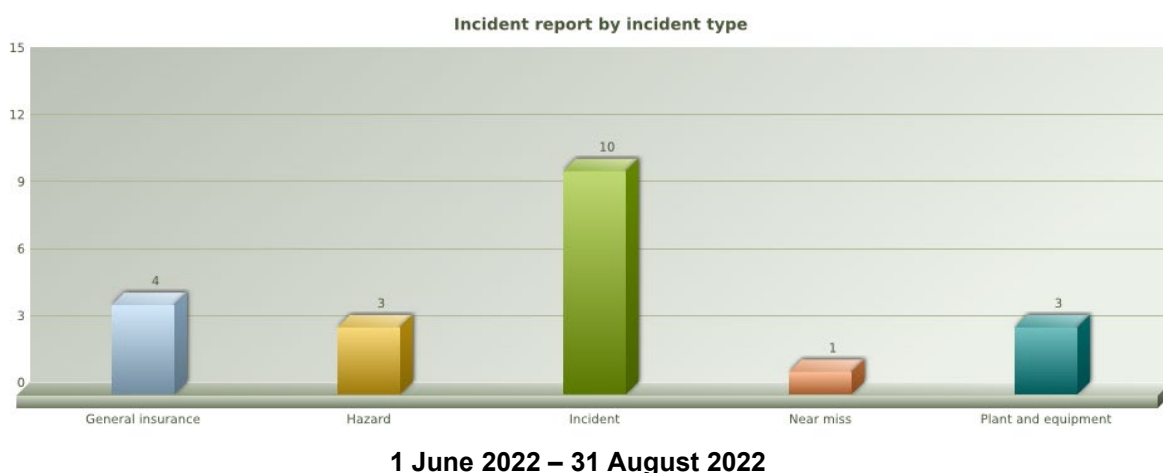
**Attachment Number:**

**Introduction**

The purpose of this report is to provide the Audit Committee with an update on the Hazard, Incident and Injury Reports from 1 June 2022 to 31 August 2022 and a comparison to reports received for the same period in 2021

**Discussion**

21 reports were received in the period 1 June to 31 August 2022 compared to 29 reports for the same period in 2021. Health and Safety representatives have been requested to encourage staff in their work groups to continue reporting all incidents and hazards. It has also been discussed at the Outdoor workforce's Safety and Efficiency meeting.



**Incidents:**

Of the 10 Incident reports received included 3 reports of verbal abusive or harassment by customers and the reports have triggered escalation under the *Dealing with Difficult and Vexatious Customers* policy. Incidents resulted in one lost time injury and two accepted WorkCover claims.

**Notifiable Incidents under the OHS Act:**

No reportable incidents to WorkSafe during this period

**General Insurance:**

Reports of accidental damage to infrastructure, vandalism and theft of fuel from Council plant.

**Hazards:**

3 hazards reported during this period. All hazards investigated with action plans in place using the tasks assigned to responsible officers through Elumina.

**Near Misses:**

1 near miss reported. Related to a member of the public's medical episode where staff had to assist.

***Plant and Equipment:***

3 incidents involving damage to items of plant. One triggered investigation and reminder to staff to report all damage immediately so it can be assessed, and the mechanics engaged quickly if required.

***Worker's Compensation:***

2 new WorkCover Claims have been submitted during this reporting period, both accepted.

The Return-to-Work Coordinator has engaged services of Occupational Rehabilitation providers, through the insurer, to assist with 3 ongoing claims to provide additional expertise for return-to-work planning.

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

***MOVED: D WELSH / A ROBERTS***

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

***CARRIED***

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<b>12. Rural Councils Transformation Program</b>
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**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 status of the Rural Councils Transformation Program.

**MOVED: D WELSH / A ROBERTS**

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

**CARRIED**

### **13. Audit & Risk Committee Meeting Dates 2023**

**Responsible Officer:** Acting Director Corporate & Community Services

**Introduction:**

The purpose of this report is to set the meeting dates for 2022 for the Audit & Risk Committee.

**Discussion:**

Council's Audit & Risk Committee Charter states that the Audit & Risk Committee shall meet at least three times in each financial year.

During 2022 meetings were held in March, June and September. The proposal is to again hold meetings in March, June and September 2023. The March meeting will enable discussion on internal audits conducted, June will enable discussion on the VAGO interim Audit and Council's draft annual budget, and September will ensure the Audit & Risk Committee endorse the annual financial statements and performance statement for Council adoption by 30 September deadline.

**Link to Council Plan:**

Strong governance practices

**Financial Implications:**

Council's annual budget allocates sitting fees for independent members of the Audit & Risk Committee.

**Risk Management Implications:**

An effective Audit & Risk Committee monitors compliance and risk, ensuring efficiency and effectiveness of Hindmarsh Shire Council's internal control systems.

**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

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: D WELSH / A ROBERTS**

***That the Audit & Risk Committee meetings are held on the following dates in 2023:***

- ***Wednesday 08 March 2023***
- ***Wednesday 14 June 2023***
- ***Wednesday 20 September 2023.***

**CARRIED**

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**14. Late Reports**

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**15. General Business**

A letter of resignation from Krista Thiele was tabled.

***MOVED: D WELSH / M ALBRECHT***

***That the Audit & Risk receive the resignation letter from Krista Thiele and thank Krista for her service.***

**CARRIED**

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**16. Next Meeting**

The next meeting will be held on Wednesday 08 March 2023, commencing at 11am.

Meeting closed at 11.51am.