



MINUTES OF THE HINDMARSH SHIRE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS, WEDNESDAY 08 MARCH 2023, COMMENCING AT 11:00AM.

PRESENT:

Mr D Welsh (Interim Chairperson), Mr A Roberts (Member), Mr A Cordy (Member), Cr B Ireland (Councillor Delegate), Cr D Nelson (Councillor Delegate), Mr G Wood (Chief Executive Officer), Ms M Revell (Director Corporate & Community Services), Ms J Holmes (Director Infrastructure Services), Ms H Boyd (Manager Finance & Customer Services), Ms P Croot (Manager Governance & Human Services), Ms Kathie Teasdale (Internal Auditor), Mr M Thompson (External Auditor), Mr S Coutts (Member) item 14.

1. Welcome and Acknowledgement of the Indigenous Community

Welcome and acknowledgement of the indigenous community by Ms M Revell (Director Corporate & Community Services).

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

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 WELSH / A ROBERTS

That the Minutes of the Audit & Risk Committee meeting held on Tuesday 21 September 2022 via Teams, as circulated to members be taken as read and confirmed.

Refer attachment 5.1

6. Election of Chairperson

Director Corporate & Community Services will assume the role of temporary chair and call for nominations of Chairperson.

Chairperson: A ROBERTS

Nominated by: D WELSH accepted: No

Chairperson: D WELSH

Nominated by: A ROBERTS accepted: Yes, interim for March and June meetings.

New Chairperson to assume the Chair.

MOVED: B IRELAND / A ROBERTS

That the Audit & Risk Committee recommend, that Council appoints Darren Welsh as the interim Chairperson of the Audit & Risk Committee until September 2023.

7. Audit & Risk Committee Annual Work Plan

Responsible Officer: Director Corporate & Community Services

Attachment Number: 7.1 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 plan was adopted in June 2020 and was developed based on the Audit & Risk Committee charter committee functions.

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

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

MOVED: B IRELAND / A ROBERTS

That the Audit & Risk Committee adopt the Annual Work Plan for 2023/2024.

Refer attachment 7.1

8. Audit & Risk Committee Performance

Responsible Officer: Director Corporate & Community Services

Attachment Number:

Introduction:

The purpose of this report for the members of the Audit and Risk Committee to consider delaying the self-assessment until September 2023.

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 are able to make informed recommendations.

Due to the resignation of two external members, and appointment of two new external members it is recommended that the Audit & Risk Committee self-assessment be delayed until September 2023. Undertaking the self-assessment will not provide the committee with accurate information on how the committee are performing.

Link to Council Plan:

Strategic Objective 4.6: An organisation that takes its risk management responsibilities seriously and embeds a culture of risk management throughout the organisation.

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

MOVED: D NELSON / A ROBERTS

That the Audit and Risk Committee delay the annual Self-Assessment of the Committee until September 2023.

9. Internal Audit Update

Responsible Officer: Director Corporate & Community Services
Attachment Number: 9.1 Internal Audit Findings Action List
9.2 Internal Audit Status Report
9.3 Internal Audit Update Report
9.4 Project Scope Records Management

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 internal audit on capital projects, and project scope for records management internal audit.

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

MOVED: B IRELAND / A ROBERTS

That the Audit & Risk Committee

- 1. Receives the internal audit recent publications and audit status report;***
- 2. Receives the update on the recently completed capital projects internal audit;***
- 3. Notes the progress on internal audit findings; and***
- 4. Notes the scope of the records management internal audit and recommends the audit be undertaken.***

Refer attachment 9.1, 9.2, 9.3 & 9.4

10. VAGO Audit Update

Responsible Officer: Director Corporate & Community Services
Attachment Number: 10.1 VAGO Audit Findings Action List
10.2 VAGO Audit Strategy
10.3 Results of 2021-2022 Local Government Audits

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

The results of the 2021/2022 Local Government Audits is included for the Audit & Risk Committee's information.

MOVED: D NELSON / A CORDY

That the Audit & Risk Committee receives the VAGO audit update including the action on the Audit findings and 2022/2023 Audit Strategy.

Refer attachment 10.1, 10.2 & 10.3

11. Risk Management Report

Responsible Officer: Manager Governance & Human Services
Attachment Number: 11.1 Strategic Risk Report
11.2 Detailed Risk Report
11.3 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 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 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 future focus of the Risk Management process will be –

- 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.

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

MOVED: A ROBERTS / D NELSON

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

Refer attachment 11.1, 11.2 & 11.3

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: B IRELAND / 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 September 2022 to 28 February 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 September 2022 to 28 February 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: A ROBERTS / A CORDY

That the Audit & Risk Committee

- 1. receives the reimbursement listing for the CEO and Councillors for the period 01 September 2022 to 28 February 2023; and***
- 2. Notes that there was no overseas or interstate travel for the period 01 September 2022 to 28 February 2023.***

Refer attachment 13.1

14. Governance Compliance Report

- Responsible Officer:** Manager Governance & Human Services
- Attachment Number:**
- 14.1 Council Policy Framework
 - 14.2 Councillor Code of Conduct
 - 14.3 Financial Hardship Policy
 - 14.4 Draft Public Interest Disclosure Policy
 - 14.5 Fraud Prevention and Control Policy and Plan

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 Council Policy Framework, Councillor Code of Conduct and Financial Hardship policies as required by both amendments to the Local Government Act and intermittent review periods.
- The review of and amendments to the **Fraud Prevention and Control Policy and Plan** and to request endorsement of the amended document; and
- Any disclosable gifts, hospitality or benefits to Councillors or Council employees.

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. A summary of Council's progress with the implementation of the Local Government Act 2020 is included below:

Document	Due date	Status
Governance Rules	1 September 2022	Completed
Councillor Expenses Policy	1 September 2020	Completed
Establishment of Delegated Committees	1 September 2020	N/A
Establishment of Asset Committees	1 September 2020	Completed
Establishment of Audit and Risk Committee	1 September 2020	Completed
Public Transparency Policy	1 September 2020	Completed
Councillor Code of Conduct	24 February 2021	Completed
Community Engagement Policy	1 March 2021	Completed
Gift Policy	24 April 2021	Completed
Annual budget	30 June 2021	Completed
Revenue and rating plan	30 June 2021	Completed

Financial Plan	31 October 2021	Completed
Council Plan	31 October 2021	Completed
Community Vision	31 October 2021	Completed
CEO Employment and Remuneration Policy	31 December 2021	Completed
Workforce plan	31 December 2021	Completed
Recruitment policy	31 December 2021	Completed
Staff Code of Conduct	31 December 2021	Completed
Complaints Policy	31 December 2021	Completed
Procurement Policy	31 December 2021	Completed
Gender Equality Action Plan	31 March 2022	Completed
Asset management plans	30 June 2022	Completed

Compliance Reviews – Council Policies

At the Council meetings held on 4 January 2023 and 1 March 2023, Council resolved to adopt the following updated policies –

- **Council Policy Framework**
Council maintains a Policy Framework Policy to provide for operational and Council policy design, approval, implementation, monitoring and evaluation. The policy is required to be reviewed at a minimum every three years and as needed within that period. The policy has been reviewed with minor administrative updates, including the re-naming of Administrative Policies (those approved by the CEO) to Operational Policies, to better align with existing Council terminology.
- **Councillor Code of Conduct**
The introduction of the new Victorian Child Safe Standards has required a review of a number of Council's policies, including its Employee and Councillor Codes of Conduct. Relevant Council policies must affirm Council's commitment to Child Safety and provide clear guidance as to appropriate interaction with children both in person and online, as well as around reporting requirements for Councillors, staff and volunteers. Additionally, the provisions in the Code of Conduct have been expanded to provide clear guidance for when a Councillor is a candidate in a State or Federal election. Additions have been informed by best practice guidelines produced by MAV. Ensuring that there is a clear process to be followed when a Councillor is a candidate prevents any occurrences of conflict of interests, misuse of position or misuse of Council resources.
- **Financial Hardship Policy**
Changes to the policy reflect the *Local Government Legislation Amendment (Rating and Other Matters) Act 2022*, and included updated provisions around payment plans, notice of amount owed, informal referrals to financial counselling services, rights of appeal, conflict of interest management and detailed provisions on the three relevant sections of the Local Government Act 1989; Deferment of Rates and Charges, Waiver of Rates and Charges and Waiver of Interest and Legal Charges.

The **Public Interest Disclosure Policy** has also been updated and will be available for public consultation from 2 March 2023 to 16 March 2023. 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.

Council's Public Interest Disclosure Policy has been reviewed and updated as described below.

- *Definitions and Terms*

The policy's definitions have been reviewed and updated for clarity and accuracy against the PID Act and guidance materials, including the meaning of corrupt conduct and improper conduct. Additionally, terms relating to the *Local Government Act 1989* (i.e. S86 Committees) have been amended to reflect the *Local Government Act 2020*. The policy has also been amended to ensure the use of gender-neutral language.

- *Broadening the explanation of who can make a disclosure*

This section has been updated to more comprehensively reflect the PID Act and ensure that anyone accessing the policy is provided detailed and clear information around making a Public Interest Disclosure.

Fraud Prevention and Control Policy and Plan

Council maintains a Fraud Prevention and Control Policy and Plan that demonstrates Council's commitment to the prevention, detection and investigation of fraud, and details the processes that have been put in place to do so. The adopted Fraud Prevention and Control Policy and Plan was last reviewed prior to the implementation of the *Local Government Act 2020*. While the principles and processes within the document remain substantially unchanged, administrative updates have been undertaken to ensure cohesion with the new Act. The amended policy is being made available to the Audit and Risk Committee for review prior to being presented to Council for adoption.

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 2022 to 28 February 2023, there were no disclosed gifts, hospitality or benefits to Councillors and four disclosed gifts to 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;

- Revising Council's Gender Equality Leadership Statement;
- HR memo regarding family violence leave distributed to all staff;
- Cultural Awareness undertaken by select staff, with more training scheduled for community-facing staff in the coming months;
- Internal employee satisfaction survey, including indicators on gender equality and inclusion;
- LGBTQIA+ reference group formed and advice given relating to days of significance;

- Annual review of exit interview data completed; and
- Policy Framework reviewed by Council to ensure that gender is considered when developing or amending policies.

Under the *Gender Equality Act 2020 (GE 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 to ensure compliance with the GE Act.

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 CORDY / D NELSON

That the Audit & Risk Committee receives the Governance compliance update and endorses the Fraud Prevention and Control Policy and Plan be submitted to Council for adoption.

Refer attachment 14.1, 14.2, 14.3, 14.4 & 14.5

15. Hindmarsh Shire Council Quarterly Financials

Responsible Officer: Manager Finance & Customer Services

Attachment Number: 15.1 Quarterly Finance report ending 31 December 2022

Introduction:

The purpose of this report is to provide the Audit & Risk Committee the quarterly finance report to 31 December 2022.

Discussion:

The quarterly finance report for the period ending 31 December 2022 was presented to Council on 1 February 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 December 2022 the Comprehensive Income Statement reports a year to date surplus of \$6,248,590 against a budgeted surplus of \$5,624,154. Cash at 31 December 2022 was \$14,723,989, with capital works expenditure \$3,603,697 against a year to date budget of \$4,496,682.

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

MOVED: A ROBERTS / B IRELAND

That the Audit & Risk Committee receives the quarterly finance report for the period ending 31 December 2022.

Refer attachment 15.1

16. Incident and Hazing 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 September 2022 to 28 February 2023 and a comparison between the 12 months to 28 February 2022 and 28 February 2023.

Discussion

54 reports were received in the period 1 September 2022 and 28 February 2023.



1 September 2022 – 28 February 2023

Incidents:

Of the 20 Incident reports received included 4 reports of verbal abuse or harassment by customers and 5 injuries resulting from manual handling.

There are impending changes to the OHS regulations to increase obligations surrounding psychosocial hazards. Council will need to invest additional time and resources identifying and controlling such hazards, like occupational violence and aggression.

Council's ageing work force can mean an increase in the risk of manual handling injuries. An audit of hazardous manual handling activities and subsequent risk management strategies are required.

Four new WorkCover claims were accepted during this period and all have returned to work, either on suitable or full duties. Three of these claims were musculoskeletal injuries resulting from a manual handling incident and the average age 58.3yrs, highlighting the need to further investigate this hazard.

Notifiable Incidents under the OHS Act:

Council was required to assist WorkSafe in relation to one reportable incident notified to them by a Contractor and an improvement notice was issued to improve signage. The notice was complied with and no further action required.

Council also cooperated with an investigation by Energy Safe Victoria relating to an incident involving a contractor. No further action taken by ESV at this stage.

General Insurance:

Two reports of accidental damage to private property by council equipment.

Hazards:

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

Near Misses:

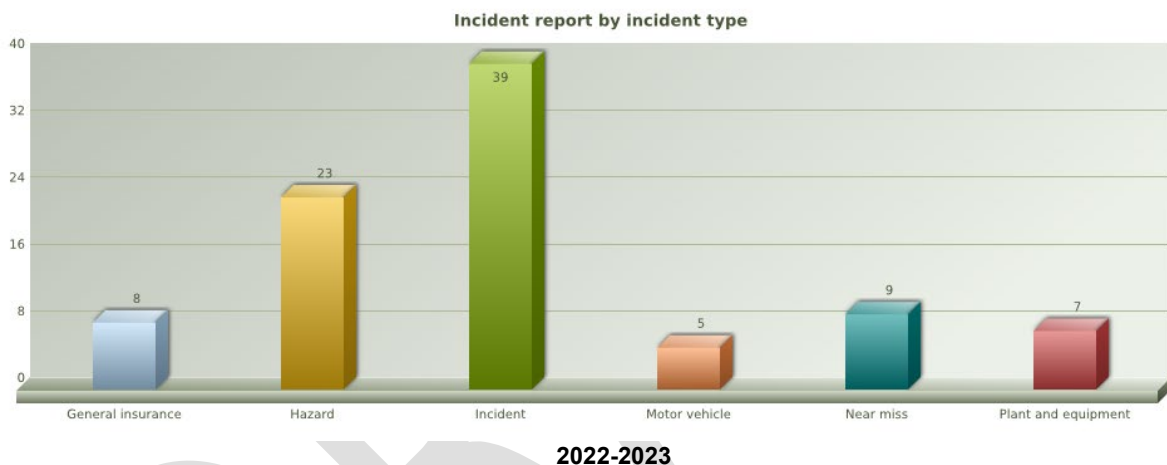
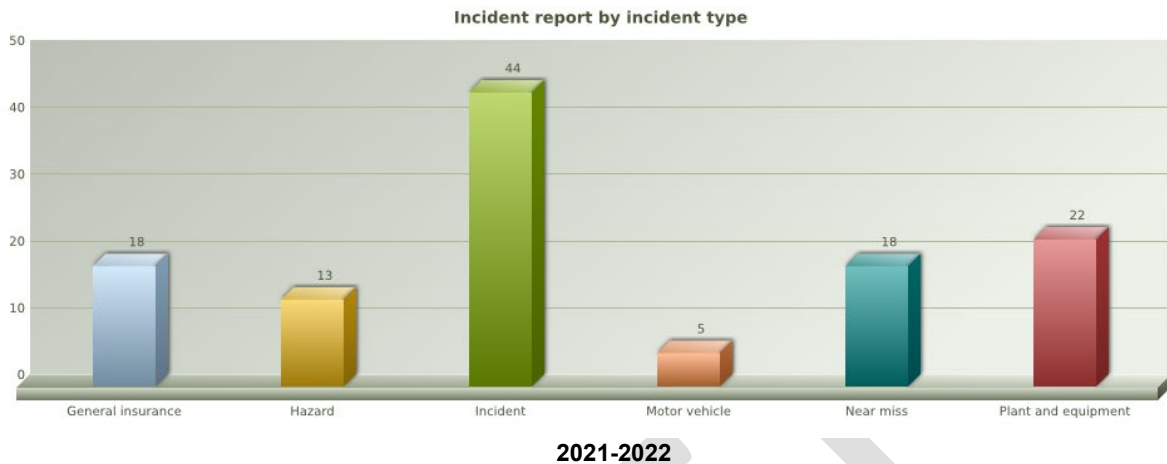
7 near misses reported that had potential to cause injury with investigations carried out as required.

Plant and Equipment:

4 incidents involving accidental damage to items of plant.

Comparison:

The below tables list incidents reported for the periods 1 March 2021 to 28 February 2022 and 1 March 2022 to 28 February 2023.



During the period 1 March 2021 to 28 February 2022, a total of 120 reports were received, compared to a total of 91 reports for the current 12 months. This is a reduction of 24% in reports received. The number of incidents reported has remained relatively constant (44 and 39), General Insurance reports has reduced by over half as has Near Misses and Plant and Equipment incidents. Hazard reports has increased significantly (up to 23 from 13) which is pleasing as this allows for a more proactive response.

It is unlikely that a significant improvement in safety performance was the cause in the reduction of reporting as no major safety initiatives have been undertaken by Council during this 2-year period. There has been a significant turnover of staff, which may have led to a lack of knowledge around the importance of reporting any incident.



To increase awareness and accessibility to Council's incident reporting system, Elumina, QR codes have been generated and distributed. These have been laminated and hole punched to allow them to be attached to vehicle key rings or otherwise mounted in vehicles and items of plant. It is hoped that by having this easily accessible, visual cue will drive an increase in reporting.

Management will continue with safety messaging at every available opportunity, focusing on hazard and near miss reporting.

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 ROBERTS / A CORDY

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 14 June 2023, commencing at 11am.
Meeting closed 11:50am