



MINUTES OF THE HINDMARSH SHIRE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS, ON WEDNESDAY 9 MARCH 2022, COMMENCING AT 11:00AM

PRESENT:

Mr B Young (Chairperson), Mr D Welsh (Member), Mr A Roberts (Member), Ms K Thiele (Member), Cr D Nelson (Councillor Delegate), Cr M Albrecht (Councillor Delegate), Ms M Revell (Director Corporate & Community Services), Ms H Boyd (Manager Finance & Customer Services), Ms T Arbuckle (IT Administrator) items 1 to 11, Mr Paul Harrison (Internal Auditor), Mr M Thompson (External Auditor)

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

Mr G Wood (Chief Executive Officer), Ms Kathie Teasdale (Internal Auditor)

MOVED: D WELSH / M ALBRECHT

That the apologies be accepted.

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.

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 / M ALBRECHT

That the Minutes of the Audit & Risk Committee meeting held on Tuesday 21 September 2021 via Zoom, 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: Bernard Young

Nominated by: Darren Welsh accepted: Yes

New Chairperson to assume the Chair.

MOVED: D WELSH / M ALBRECHT

That the Audit & Risk Committee recommend, that Council appoints Bernard Young as the Chairperson of the Audit & Risk Committee until March 2023.

7. Audit & Risk Committee Annual Work Plan

Responsible Officer: Director Corporate & Community Services
Attachment Number: 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 an addition made to include the election of the Audit & Risk Committee Chair in March 2023.

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: D WELSH / K THIELE

That the

- 1. Audit & Risk Committee adopt the Annual Work Plan for 2022/2023.**
- 2. An online survey be created and link sent to members for completion**

Refer attachment 7.1

8. Audit & Risk Committee Performance
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Responsible Officer: Director Corporate & Community Services

Attachment Number: 8.1 Audit and Risk Committee Self-Assessment

Introduction:

The purpose of this report for the members of the Audit and Risk Committee to undertake a Self-assessment.

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.

Included in the assessment whether the committee has reviewed the internal audit plan and actions taken to address issues identified in the audits of Council.

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 WELSH / K THIELE

That the Audit and Risk Committee accept the requirement to undertake the annual Self-Assessment of the Committee.

Refer attachment 8.1

9. IT Disaster Recovery Report

Responsible Officer: IT Administrator
Attachment Number: 9.1 Hindmarsh – DR Process
9.2 Hindmarsh – DR Test Feb 2022

Introduction:

The purpose of this report is to inform the Audit and Risk Committee of Council's Disaster Recovery (DR) Process and the results of the Disaster recovery test.

Discussion:

Hindmarsh has one physical server that hosts all our servers which are also known as Virtual Machines (VM). These virtual machines are software based which makes it easier to backup and restore as there are no physical components. This means with the right infrastructure they can be copied and restored onto an existing device. Council uses Datto to backup, restore and work as a Disaster Recovery environment. Servers are backed up daily (sometimes more often depending on the importance of the data stored) to a local Datto appliance located in the server room.

This then sends the backups to a secure cloud location. Servers can then be run from the appliance or from the cloud.

Otto IT has been engaged to test the processes of recovery and document the Disaster Recovery Process. The testing process was used to inform the steps documented in the DR process. Full details of the Processes and test results can be found in the documents attached.

The DR Recovery Process goes through 5 different processes to restore data/servers. Which process is required will depend of the type of outage/failure and may require more than one. The processes include:

1. Cloud Disaster Recovery Process. This process involves restoring a Virtual Machine (VM) to the cloud. This also requires process 5 so users can access the server once up and running. This would be used in a situation where the server room has been compromised.
2. Local Disaster Recovery Process. This covers details of restoring VM's to the locally stored Datto appliance in the case of the host server being inaccessible.
3. File Restore Process. This process is to restore a single or multiple files. Common reason to restore a file is user has deleted or over written a file by mistake.
4. Image Export Process. An Image is a file that stores the VM. So this process is used to copy the server from the Datto appliance so that it can be restored back to a host either in the cloud or on premise (locally).
5. VPN setup to Datto Cloud Process. A Virtual Private Network is required to securely access a server that has been restored to the cloud.

The above processes were tested to ensure the steps outlined are accurate and there were no fail points. All processes successfully ran without any issues with the exclusion of the VPN setup. This could not be tested as it would have affected our live environment.

Link to Council Plan:

Ensure responsible risk management principles.

Financial Implications:

Council budget's annually for Information Technology resources and equipment. There are potential financial implications if recovery processes are not in place and a disaster occurs.

Risk Management Implications:

Documenting the DR process will reduce downtime in the event of a disaster as the process can be followed for any given event

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: Tracey Arbuckle, IT Administrator

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 / D NELSON

It is recommended the Audit & Risk Committee note the Disaster Recovery Process and results of the Disaster Recovery Testing.

Refer attachment 9.1 & 9.2

10. Internal Audit Update

Responsible Officer: Director Corporate & Community Services
Attachment Number: 10.1 Internal Audit Findings Action List
10.2 Internal Audit – Cyber Security
10.3 Internal Audit Scope – Building Applications
10.4 Internal Audit Status Report
10.5 Internal Audit Update Report

Verbal report to be given during the meeting by RSD Audit on the recent internal audit publications, internal audit plan, internal audit status and project scope for the upcoming Cyber Security audit.

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

MOVED: D WELSH / M ALBRECHT

That the Audit & Risk Committee

- 1. Receives the internal audit recent publications and audit status report;***
- 2. Notes the completed internal audit on Cyber Security;***
- 3. Notes the progress on internal audit findings; and***
- 4. Following reviewing the project scope for the Building Applications audit recommend Council undertake the audit.***
- 5. Cyber Security Risk added to Risk Register.***

Refer attachment 10.1, 10.2, 10.3, 10.4 & 10.5

11. VAGO Audit Update

Responsible Officer: Director Corporate & Community Services
Attachment Number: 11.1 VAGO Audit Findings Action List
11.2 VAGO Audit Strategy

Verbal report to be given during the meeting by Mr Martin Thompson, Crowe on the 2021/2022 VAGO Audit strategy.

MOVED: D WELSH / K THIELE

That the Audit & Risk Committee receives the verbal audit update.

Refer attachment 11.1 & 11.2

12. Risk Management Report

Responsible Officer: Director Corporate & Community Services
Attachment Number: 12.1 Risk Actions Report

12.2 Detailed Risk Report

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: D WELSH / M ALBRECHT

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

Refer attachment 12.1 & 12.2

13. 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.

14. Reimbursements

Responsible Officer: Director Corporate & Community Services

Attachment Number: 14.1 Reimbursement Listing

Introduction:

This report provides the Audit & Risk Committee with a list of reimbursements made to the CEO and Councillors for the period 01 September 2021 to 28 February 2022.

Discussion:

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

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 / A ROBERTS

That the Audit & Risk Committee receives the reimbursement listing for the CEO and Councillors for the period 01 September 2021 to 28 February 2022.

Refer attachment 14.1

15. Governance Compliance Report

Responsible Officer: Director Corporate & Community Services

Attachment Number:

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)*.

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
Governance Rules	1 September 2020	Complete
Councillor Expenses Policy	1 September 2020	Complete
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	Underway
Asset management plans	30 June 2022	Not complete

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.

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: K THIELE / D NELSON

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

16. Hindmarsh Shire Council Quarterly Financials

Responsible Officer: Director Corporate & Community Services

Attachment Number: 16.1 Quarterly Finance report ending 31 December 2021

Introduction:

The purpose of this report is to provide the Audit & Risk Committee the quarterly finance report to 31 December 2021.

Discussion:

The quarterly finance report for the period ending 31 December 2021 was presented to Council on 2 February 2022.

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 2021 the Comprehensive Income Statement reports a year to date surplus of \$8,064,185 against a budgeted surplus of \$7,578,985. Cash at 31 December 2021 was \$15,023,318, with capital works expenditure \$5,006,151 against a year to date budget of \$6,400,836.

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: D WELSH / A ROBERTS

That the Audit & Risk Committee receives the quarterly finance report for the period ending 31 December 2021.

Refer attachment 16.1

17. Incident and Hazing Report

Responsible Officer: Director Corporate & Community 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 2021 – 28 February 2022

Discussion

47 reports were received in the period 1 September 2021 – 28 February 2022.



1 September 2021 – 28 February 2022

Incidents:

Of the 17 Incident reports received included four reports of harassment or aggressive/abusive customers. Three resulted in lost time injuries.

Notifiable Incidents under the OHS Act:

No reportable incidents to WorkSafe during this period

General Insurance:

Reports include theft of council equipment, accidental property damage and damage to water infrastructure.

Hazards:

7 hazards reported during this period. Staff will be encouraged in 2022 to report hazards to enable safety improvements prior to any incidents occurring.

Near Misses:

6 near misses reported.

Motor Vehicle and Plant and Equipment:

9 reports received regarding minor damage to items of plant.

Worker's Compensation:

3 new WorkCover Claims have been submitted and accepted during this reporting period.

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: K THIELE / A ROBERTS

That the Audit & Risk Committee

- 1. receives the Incident Report update.*
- 2. request future reports contain a trend graph comparing reported incidents against prior years.*

18. Late Reports

19. General Business

20. Next Meeting

The next meeting will be held on Wednesday 15 June 2022, commencing at 11am.

Meeting closed at 12:06pm