



Ararat Rural City



Ararat Rural City

# MINUTES

## Audit and Risk Committee

Tuesday 1 March 2022

Held in the Green Room, Town Hall, Ararat

Commenced at 1:01 pm

**Audit and Risk Committee:**

Cr Jo Armstrong (Mayor)

Cr Henry Burridge

Ms Jessica Adler

Mr Robert Tommasini

Mr Brian Keane

**In attendance:**

Dr Tim Harrison

Mr Brad Ead

Ms Cassandra Gravenall

Ms Karissa Hogan

Mrs Jenny Woolcock

Ms Josie Frawley

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**PRESENT:**

Chair Brian Keane, Cr Jo Armstrong, Cr Henry Burridge, Dr Tim Harrison, Robert Tommasini, Jessica Adler, Jenny Woolcock, Karissa Hogan and Josie Frawley

Via Microsoft Teams: Brad Ead, Cassandra Gravenall, Jessica Pay

**SECTION 1 – PROCEDURAL MATTERS**

**1.1 APOLOGIES**

There were no apologies.

**1.2 DECLARATION OF DISCLOSURE OF INTERESTS**

There were no Disclosures of Interest received.

**1.3 CONFIRMATION OF MINUTES**

**RECOMMENDATION**

*That the Minutes of the Internal Audit and Risk Committee Meeting held on 07 December 2021 be confirmed.*

**MOVED ROBERT TOMMASINI  
SECONDED CR JO ARMSTRONG**

That the Minutes of the Internal Audit and Risk Committee Meeting held on 07 December 2021 be confirmed.

**CARRIED**

**Note:** Distribute Minutes from previous meeting, held 07 December 2021

## SECTION 2- CEO UPDATE

### 2.1 CEO UPDATE – CONFIDENTIAL

#### Local Government Act 2020 Implementation

The implementation of the new Local Government Act 2020 (LGA2020) is almost at an end. All requirements have been completed within required timeframes, with many ahead of time.

There is currently only one incomplete requirement of the initial implementation of the LGA2020. It is listed below with the likely completion dates and any possible issues which may delay implementation.

| LGV timeframe | LGA2020 requirement | Notes   | Completion date |
|---------------|---------------------|---|-----------------|
| 30/06/2022    | Asset Plan          | This is already under development with the Rural Road Group and Council. LGV guidance notes were provided on 21/02/2022 | 30/06/2022      |

Progress of overall implementation of the LGA2020 is provided in the attached program. Completed steps are shaded grey, current actions are shaded blue.

#### Regional Councils Transformation Program (RCTP 2.0)

Ararat Rural City partnered with Yarriambiack and Buloke Shires to submit a funding application to implement a program that builds on a common base of finance, rating, and human resource/payroll systems to build additional capability. The systems to be developed and implemented through the project will be related to:

- Organisational reporting / Power BI Dashboards
- Predictive asset planning systems
- Records management through AvePoint
- CouncilWise Integrations with CrisisWorks and Greenlight systems

#### Finance changes

Greg Jakob continues to work with Karissa Hogan to review approaches to financial management and reporting at ARCC. I have recently received an initial report and recommendations from Greg, which will be reviewed over the next few weeks.

#### Depot Operations

The change program at Council's Depot continues with the appointment of Ian Cooper as Quality and Service Coordinator. A Civil Works Coordinator role has been advertised internally and an appointment will be made shortly. The CEO is working directly with the Depot Operations leadership team to mainstream workplace values and practices at the Depot with those of the organisation more broadly.

#### Workforce Pilot Project

The Workforce Pilot project continues to progress well. Carmel Goulding has been appointed as Workforce Pilot Lead, bringing a wealth of experience in senior management, consulting, and communication to the role.

#### In-migration program

The in-migration program is a partnership between ARCC and the Wyndham Community Education Centre (WCEC) to attract between 20 and 30 Chin or Karen families to relocate to Ararat to assist in

meeting workforce needs in manufacturing, meat processing, agribusiness and hospitality. A young Karen man, Koyeh Talor, has been appointed Project Coordinator. Koyeh will relocate to Ararat in early March to begin work. An industry liaison role will be appointed in early March.

### **Workforce challenges**

With state-wide record levels of unemployment currently being experienced in Victoria, there are increasing labour shortages across most industries. This trend is particularly strong in rural Victoria. Council is currently facing challenges in recruiting staff in some areas. This is most commonly an issue in unskilled and semi-skilled occupational types.

### **Municipal Public Health and Wellbeing Plan**

As reported at the previous meeting Council has adopted a Municipal Public Health and Wellbeing Plan 2021-2025. The plan is underpinned through key partnerships with Federation University Australia and East Grampians Health Service. The first project to emerge from this three-way partnership is a proposal to the National Health and Medical Research Council (NHMRC) to fund a genetic study of coronary heart disease and implement a community-based intervention for those identified at moderate or serious risk. Council's role in the project is to provide support around community engagement and communication. This is an early opportunity for the partnership – it was not anticipated that any activity would commence until after 30 June 2022.

### **Gordon Street Development**

Council has completed works with the project architect and quantity surveyors to respecify the Gordon Street pavilion project in order to attempt to seek more favourable tender prices. The revised tender specification was provided to invited tenderers on 18 February 2022. Tenders close in three weeks and the construction model for the pavilion will be reviewed at that point.

### **Asset Management**

The internal Asset Committee has been established to implement the Asset Management Schema. The first significant task to be undertaken is a complete review of the physical condition of the road and bridge network. It was believed by the group that there were very substantial inaccuracies in the physical road data held by Council and this position has been validated by the early results of the review. Significant errors in road length and width data, along with condition data have been identified. There have been clear failures to update data following capital works or significant maintenance interventions over a very long period of time (possibly well in excess of ten years). There have also been examples where physically non-existent roads have been recorded on the basis of existing on maps as road reserves. I am still struggling to understand how we could provide physical condition data on these roads!

The good news story is that the reported condition from our current study suggests that physical road condition is actually significantly better than that recorded on the Confirm system.

### **Gender Equity Act Compliance**

Council is following a formal implementation plan to ensure that our obligations under the Gender Equality Act 2020 are completed by their due date.

Council participated in the People Matter Survey and have fulfilled our obligation to submit an organisational Gender Audit by 1 December 2021. The results of the survey and audit have been analysed by Women's Health Grampians, with the results feeding back into the organisations Gender Equality Action Plan (GEAP).

A Gender Equality Committee has been formed and is currently developing the GEAP, with the process at the consultation stage of the project.

The working group, along with any interested employee will be participating in a workshop on Thursday 3 March 2022 to further develop the draft GEAP.

### **COVID-19 Update**

There is a certain cyclic repetitiveness to reporting on COVID and its impacts on Council and the community. During the last three months we have seen the emergence of the omicron variant which has led to some significant outbreaks which have impacted on Council and the community

#### **Council Workforce**

There was a need to reduce the number of staff working on site and develop bubbles around services to ensure as far as possible service continuity. We have had up to ten staff at a time impacted by COVID, either infected or close contacts. This has led to some staff being furloughed. This did impact marginally on service delivery by our outdoor staff during this period. There were no substantial issues. The current winding back of restrictions will see increased numbers of staff returning to the office.

#### **Local Economy**

There were significant impacts on two key local businesses as a result of COVID outbreaks resulting in major loss of production. These were controlled within just over a week on both occasions, but the impact was serious.

Overall the local economy is faring quite well during this period, the major limiting factors appear to be lack of workforce and available affordable housing rather than the direct impacts of COVID.

#### **Response to COVID events**

Council's Community Relief Centre remained open to provide food relief and other care and support to those affected or isolated due to close contact status. Council partnered with East Grampians Health Service to hold a walk-up vaccination clinic in the Town Hall over the weekend 26-27 February 2022.

### **Legal Issues and Non-Compliance**

There are two issues to report on at this Audit and Risk Committee. Neither of them represent significant risk to Council.

#### ***VAGO Sexual harassment review***

In March 2022 VAGO will be requesting an update from Council on the progress made in responding to the Sexual Harassment Audit recommendations.

Officers have been working to ensure compliance with the recommendations and timeframes provided in the VAGO Sexual Harassment in Local Government Report December 2020.

### **RECOMMENDATION**

*That the CEO's update report be received.*



MOVED CR HENRY BURRIDGE  
SECONDED JESSICA ADLER

That the CEO's update report be received.

CARRIED

#### ATTACHMENTS

There are no attachments in relation to this item.

**Note:** VAGO Sexual Harassment review to be presented at the June 2022 meeting

## SECTION 3- FINANCE AND PERFORMANCE REPORTING

### 3.1 REVIEW THE APPROPRIATENESS OF THE FORMAT AND CONTENT OF PERIODIC MANAGEMENT FINANCIAL REPORTS AND PERFORMANCE STATEMENTS

#### 3.1.1 QUARTERLY PERFORMANCE REPORT

#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### EXECUTIVE SUMMARY

The financial statements and performance indicators have been prepared for the period ended 31 December 2021.

Based on the information provided by responsible officers and managers Council's overall financial performance is in line with budget. It has been determined that a revised budget is not required at this stage

#### DISCUSSION

Council must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management.

#### Key Financial information:

##### Income Statement (Attachment 1)

The Income Statement measures how well Council has performed from an operating nature. It reports revenues and expenditure from the activities and functions undertaken, with the net effect being a surplus or deficit. Capital expenditure is excluded from this statement, as it is reflected in the Balance Sheet.

Attachment 1 shows that Council generated \$21.363 million in revenue and \$14.191 million in expenses to 31 December 2021. This has resulted in an operating surplus of \$7.172 million for the six months ended 31 December 2021.

##### *Income*

**Rates and charges** account for 47% of the total budgeted income for 2021/22. Rates and charges are recognised when the rates have been raised, not when the income has been received. An amount of \$17.183 million has been recognised as income for the six months ended 31 December 2021.

**User fees** account for 4% of the total budgeted income for 2021/22 and \$0.419 million has been received to 31 December 2021. The majority of this relates to home care services, transfer station fees and fitness centre income. Income has been lower than budgeted due to several Council facilities being closed at times and decreased service levels due to Covid-19, including the Town Hall, Ararat Fitness Centre, Gum San and the Alexandra Oval Community Centre.

**Recurrent Operating Grants** total \$2.664 million to 31 December 2021, including \$1.000 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.613 million for the local roads grants.

**Non-recurrent Operating Grants** total \$0.380 million to 31 December 2021. Council has been successful in obtaining several grants that had not been budgeted for, including COVID Safe Outdoor Activation funding of \$0.200 million and New Arrivals Settlement program funding of \$0.065 million.

**Non-recurrent Capital Grants** total \$0.260 million to 31 December 2021. Several grants that were budgeted for 2021-22 were received in advance during 2020-21 including \$1.227 million for the Local Roads and Community Infrastructure Program and \$0.326 million for Delacombe Way Road reconstruction works.

#### Note

It is important to note the following:

1. The Grants Operating (recurrent) figure in the Original Budget was \$7.817 million and in the Current Budget is recorded as \$4.543 million, as \$3.274 million was paid to Council in 2020/21 by the Victorian Local Government Grants Commission (VLGGC) for the 2021/22 financial year. Council has still received the expected VLGGC income, to be spent in 2021/22, however it will be reported over two financial years.
2. This change in the budget, plus the note reported under expenses, create a change in the reported surplus position from a projected surplus of \$8.865 million to a surplus of \$5.222 million for 2021/22. The year to date variance is a deficit of \$1.506 million when the actual year to date expenses are compared to the year to date budget.

#### Expenses

**Employee Costs** account for approximately 40% of the total budgeted expenditure for 2021/22. For the six months ended 31 December 2021 Council has incurred \$5.829 million in employee costs.

**Materials and Services** account for approximately 33% of the total budgeted expenditure for 2021/22. For the six months ended 31 December 2021, Council has incurred \$4.640 million in materials and services costs. There are a number of projects, including those carried forward from 2020/21 that are expected to be completed before the end of the financial year.

#### Note

It is important to note the following:

There has been an increase in expenditure on materials and services from \$9.319 million in the Original Budget to \$12.972 million in the Current Budget for 2021/22. This has resulted from a carry forward amount of \$3.653 million from the 2020/21 financial year surplus and unspent grant funds which will be used for additional activity in 2021/22.

#### Balance Sheet (Attachment 2)

The Balance Sheet is one of the main financial statements and reports Council's assets, liabilities and equity at a given date, in this case 31 December 2021. Comparative figures have been provided as at 30 June 2021.

Council's current assets have decreased by \$0.670 million from \$27.406 million as at 30 June 2021 to \$26.736 million as at 31 December 2021. Cash and cash equivalents have decreased by \$10.270 million from \$23.049 million to \$12.779 million. Trade and other receivables have increased by \$9.630 million from \$4.233 million as at 30 June 2021 to \$13.863 million as at 31 December 2021, which can be attributed to the rates & charges being recognised as income in the quarter ended 30 September 2021.

Total liabilities have decreased from \$14.390 million in 2020/21 to \$12.410 million in 2021/22, with an increase of \$0.320 million in trade and other payables. The trust funds and deposits have decreased by \$0.231 million from \$0.455 million in 2020/21 to \$0.224 million in 2021/22.

### Statement of Cash Flows (Attachment 3)

The Statement of Cash Flows shows how changes in the Statement of Financial Position and Income Statement affect Cash and Cash Equivalents, and breaks down the analysis to operating activities, investing activities and financing activities.

The Cash and Cash Equivalents at the beginning of the financial year of \$23.049 million have decreased by \$10.270 million to \$12.779 million as at 31 December 2021.

Net cash provided by operating activities was \$1.118 million and \$9.279 million was used in investing activities.

Investing activities includes payments for property, plant and equipment, and infrastructure totalling \$9.448 million. This included capital building works and capital road works.

Based on the information provided by responsible officers and managers the forecast year end result for cash and cash equivalents are in line with budget.

### Financial Performance Indicators (Attachment 4)

The Local Government Performance Reporting Framework requires Councils to report various performance indicators at the end of each financial year.

A full list of financial performance indicators is included as Attachment 4.

| Indicator   | 30/6/2021 | 30/9/2021 | 31/12/2021 |
|---|-----------|-----------|------------|
| <p><b>Working capital</b><br/> <i>Measure - Current assets compared to current liabilities.</i><br/>                     Expected values in accordance with the Local Government Performance Reporting Framework 100% to 400%<br/>                     Indicator of the broad objective that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity</p>   | 202%      | 276%      | 231%       |
| <p><b>Loans and borrowings</b><br/> <i>Measure - Loans and borrowings compared to rates.</i><br/>                     Expected values in accordance with the Local Government Performance Reporting Framework – 0% to 70%<br/>                     Indicator of the broad objective that the level of interest-bearing loans and borrowings should be appropriate to the size and nature of a council's activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations</p> | 15.43%    | 15.86%    | 3.88%      |
| <p><b>Indebtedness</b><br/> <i>Measure - Non-current liabilities compared to own source revenue</i><br/>                     Expected values in accordance with the Local Government Performance Reporting Framework – 2% to 70%<br/>                     Indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council's activities. Low or decreasing level of long-term liabilities suggests an improvement in the capacity to meet long term obligations</p>         | 4.29%     | 4.74%     | 4.61%      |

| Indicator   | 30/6/2021 | 30/9/2021 | 31/12/2021 |
|---|-----------|-----------|------------|
| <p><b>Rates concentration</b><br/><i>Measure - Rates compared to adjusted underlying revenue</i><br/>Expected values in accordance with the Local Government Performance Reporting Framework – 30% to 80%<br/>Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability</p>   | 55.31%    | 89.86%    | 81.47%     |
| <p><b>Expenditure level</b><br/><i>Measure - Expenses per property assessment</i><br/>Expected values in accordance with the Local Government Performance Reporting Framework \$2,000 to \$10,000<br/>Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency</p>   | \$4,049   | \$3,971   | \$3,943    |
| <p><b>Indicator - Revenue level</b><br/><i>Measure - Average residential rate per residential property assessment</i><br/>Expected values in accordance with the Local Government Performance Reporting Framework - \$700 to \$2,000<br/>Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency</p>  | \$2,061   | \$1,862   | \$1,827    |
| <p><b>Indicator – Percentage of total rates collected</b><br/>The internal audit conducted in 2019 on Rates Revenue and Rate Debtor Management found no routine or regular reporting of large and long outstanding rates debtors.<br/>The outstanding Rates Debtors is reported in the Annual Financial report.<br/>As at 31 December 2021 the outstanding Rates Debtors totalled \$12.181 million compared to \$1.860 million as at 30 June 2021, an increase of \$10.321 million. In percentage terms 18.3% of the rates raised have been collected at 31 December 2021 compared to 20.0% up to 31 December 2020.<br/>Council issues approximately 7,500 rate notices. Last year there were 2,601 assessments paying by instalments compared with 2,606 assessments in 2020/21.<br/>Outstanding rates are currently charged 10% interest.</p> | 86.9%     | 13.1%     | 18.3%      |
| <p><b>Indicator – Asset Renewal &amp; Upgrade</b><br/><i>Measure - Asset renewal &amp; Upgrade compared to depreciation</i><br/>Expected range in accordance with the Local Government Performance Reporting Framework – 40% to 130%<br/>Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council's asset base.</p>   | 164.30%   | 63.25%    | 251.83%    |

The Local Government Performance Reporting Framework provides “Expected ranges” for each indicator. The framework has been developed to consider results at the end of the financial year so some results during the year are outside the expected range due to the timing of receipts and payments.

Explanations are provided in Attachment 4 for those indicators that are outside the “expected ranges”.

## KEY CONSIDERATIONS

### *Alignment to Council Plan Strategic Objectives*

#### **6 Strong and effective governance**

*We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices.*

**6.1** *Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation and rating fairness.*

**6.2** *Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.*

### ***Budget Implications***

Council's financial performance is in line with expectations. Council's cash position was expected to reduce in the first half of the year to pay for the outstanding accounts at year end and the capital works program. Lump sum payment of rates are due on 15 February 2022.

### ***Policy/Relevant Law***

Section 97 – Quarterly Budget Report of the Local Government Act 2020 states:

- 1 As soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public.
- 2 A quarterly budget report must include—
  - (a) a comparison of the actual and budgeted results to date; and
  - (b) an explanation of any material variations; and
  - (c) any other matters prescribed by the regulations.
- 3 In addition, the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

### ***Sustainability Implications***

This report does not raise any sustainability implications.

### ***Risk Assessment***

Council is required to establish and maintain a budgeting and reporting framework that is consistent with the principles of sound management and this report assists Council in meeting that requirement.

### ***Innovation and Continuous Improvement***

The content of the Quarterly report is continually reviewed to ensure meaningful data is provided.

### ***Stakeholder Collaboration and Community Engagement***

Council's financial performance reports are published quarterly.

*RECOMMENDATION*

*That the:*

*Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 December 2021 be received.*

**MOVED CR JO ARMSTRONG  
SECONDED CR HENRY BURRIDGE**

**That the:**

**Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 December 2021 be received.**

**CARRIED**

**ATTACHMENTS**

Quarterly performance report: Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators are provided as Attachment 3.1.1.

## SECTION 4 – INTERNAL CONTROLS

### 4.1 ENSURE THAT A PROGRAM IS IN PLACE TO TEST COMPLIANCE WITH SYSTEMS AND CONTROLS

Nil.

4.2 ASSESS WHETHER THE CONTROL ENVIRONMENT IS CONSISTENT WITH COUNCIL'S GOVERNANCE PRINCIPLES

Nil.

## SECTION 5- RISK MANAGEMENT

### 5.1 STRATEGIC RISK REGISTER REVIEW AND UPDATE

#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

#### BACKGROUND

Council's Strategic Risk Register is reviewed by the Chief Executive Officer on a regular basis and is presented to the Audit and Risk Committee.

#### DISCUSSION

The Chief Executive Officer ensures that strategic risks are identified and assessed, treatment options are prioritised and implemented, actions are assigned; and performance is monitored and reviewed.

At the Audit and Risk Committee meeting held on 7 December 2021, it was agreed to include more information in the Strategic Risk Register.

On 14 December 2021, the Governance and Administration Coordinator met with Audit and Risk Committee member, Robert Tommasini (via Teams) to review the Strategic Risk Register. Changes made to the register included:

|  |
|--|
| Insertion of "Causes" column   |
| Control Measures column changed to "Existing Control Measures"             |
| Inclusion of the "Consequence Level" and "Consequence Risk Level" column   |
| Inclusion of "Maximum Risk Appetite" column                                |
| Rename Actions/Controls in Place column to "Actions / Additional Controls" |

The revised Strategic Risk Register as at 24 February 2022 is provided in the following pages. Audit and Risk Committee members have been provided with an A3 copy of the Strategic Risk Register.

#### Review of Strategic Risk Register

Reviews for each risk identified in the Strategic Risk Register will be conducted over a 12-month period, with the current schedule set as:

|             |   |                   |   |
|-------------|---|-------------------|---|
| March 2022  | Fraud and Corruption; and<br>Cyber Attack               | September<br>2022 | Business Continuity                       |
| April 2023  | Asset Management  | October 2022      | Workforce planning                        |
| May 2022    | Governance  | November 2022     | Procurement; and<br>Emergency Management  |
| June 2022   | Waste Management; and<br>Occupational Health and Safety | December 2022     | Climate Change; and<br>Records Management |
| July 2022   | Legislative Compliance                                  | January 2023      | Strategic Leadership and<br>Advocacy      |
| August 2022 | It Infrastructure                                       | February 2023     | Financial Sustainability                  |

| No | Risk Description (and impact)  | Impacts   | Causes   | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area                                   | Conseq. Level                       | Conseq. Risk Level        | Max.Risk Appetite              | Annual Review Date | Actions/ Additional Controls                    |
|----|--|---|--|--|--------------------|------------|--|-------------------------------------|---------------------------|--------------------------------|--------------------|---|
| 1  | Procurement - Unable to successfully procure goods and services to assist in the delivery of council projects and services or failure to appropriately manage contracts<br><br>Risk Owner: Contracts and Procurement Coordinator | Ineffective project management.<br><br>Contract overruns.<br><br>Financial losses.<br><br>Legal action.<br><br>Contract timeframes interrupted.<br><br>Provider fails to maintain agreed service level. | Inexperienced contractors.<br><br>Lack of staff training in procurement<br><br>Procurement undertaken outside of Council policy/procedures requirements.<br><br>Fraudulent and corrupt activities.<br><br>Undisclosed conflicts.<br><br>Failure of contractor to maintain agreed service level resulting in interruptions.<br><br>Insider knowledge impacting tendering process.<br><br>Poor financial knowledge by budget owners. | Clear communication of Council's expectations to Contractors.<br><br>Induction for contractors carried out prior to commencing work.<br><br>Council Procurement Policy reviewed and updated as per legislative requirements.<br><br>Collaborative procurement.<br><br>Purchasing limits<br><br>Review of Contractor Register and Preferred Suppliers.<br><br>Any new staff commencing with ARCC are provided with a one- hour procurement session. | Low                | Unlikely   | Finance<br><br>Govern.<br><br>Service Delivery | Minor<br><br>Minor<br><br>Insignif. | Low<br><br>Low<br><br>Low | Low<br><br>Moderate<br><br>Low | Nov 2022           | Procurement Policy to be reviewed in June 2023. |



| No | Risk Description (and impact)  | Impacts   | Causes  | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area                          | Conseq. Level             | Conseq. Risk Level    | Max.Risk Appetite     | Annual Review Date | Actions/ Additional Controls   |
|----|--|---|---|--|--------------------|------------|---------------------------------------|---------------------------|-----------------------|-----------------------|--------------------|--|
|    |  |   |   | Procurement Policy was presented to Audit and Risk Committee in December 2021 and adopted by Council on 25 January 2022.   |                    |            |                                       |                           |                       |                       |                    |  |
| 2  | <p>Emergency Management – Insufficient preparation on emergency situations that could affect the community from large incidents, such as bushfires to smaller incidents such as a community event.</p> <p>Risk Owner: Emergency Management Coordinator</p> | <p>Loss of life and property damage</p> <p>Disruption to essential services</p> <p>Loss of essential communications, access and service delivery.</p> | <p>Lack training for relevant staff in Emergency Management.</p> <p>No scheduled training exercises carried out.</p> <p>Lack of up-to-date Emergency Management manual/ procedures.</p> <p>Lack of planning</p> | <p>MEMO and MMR staff appointment to create Emergency Management Team</p> <p>Municipal Emergency Management Plan</p> <p>Municipal Fire Prevention Plan</p> <p>Emergency Animal Welfare Plan</p> <p>Municipal Heatwave Plan</p> <p>Influenza Pandemic Plan</p> <p>Business Continuity Plan</p> <p>Disaster Recovery Plan</p> <p>Pandemic Committee created.</p> | Low                | Unlikely   | <p>Reput.</p> <p>Service Delivery</p> | <p>Minor</p> <p>Minor</p> | <p>Low</p> <p>Low</p> | <p>Low</p> <p>Low</p> | Nov 2022           | <p>Council now has a full EMT, with 3 MEMO's and 3 MRM's to cover full emergencies.</p> <p>Ongoing meetings held with Emergency Management external stakeholders from the Grampians region.</p> <p>Organisational and Regional COVID Meetings held on a regular basis.</p> <p>Develop and implement a program of emergency exercises for staff and in conjunction with external parties.</p> |



| No | Risk Description (and impact)  | Impacts   | Causes   | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area   | Conseq. Level                            | Conseq. Risk Level                              | Max.Risk Appetite                     | Annual Review Date | Actions/ Additional Controls  |
|----|--|---|--|---|--------------------|------------|--|--|---|---------------------------------------|--------------------|---|
| 3  | <p>Fraud and Corruption – Failure to detect and prevent occurrences of fraud and corruption risks</p> <p>Risk Owner: Governance and Administration Coordinator</p>               | <p>Increase in incidents of fraud and error.</p> <p>Reputational damage.</p> <p>Financial loss</p> <p>Legal action.</p>   | <p>Lack of background checks when recruiting staff, volunteers and contractors.</p> <p>Non-compliance by staff of Council policy and procedures</p> <p>Inefficient monitoring of financial processes.</p> <p>Collusion between staff and external suppliers.</p> | <p>Fraud and Corruption Control Policy and Plan reviewed regularly.</p> <p>Staff compliance training – Fraud and Corruption module</p> <p>Council Procurement Policy reviewed and updated.</p> <p>Councillor Code of Conduct</p> <p>Staff Code of Conduct</p> <p>Public Interest Disclosure Procedure</p> | Mod                | Possible   | <p>Finance</p> <p>Govern.</p> <p>Service Delivery</p>  | <p>Medium</p> <p>Minor</p> <p>Medium</p> | <p>Moderate</p> <p>Moderate</p> <p>Moderate</p> | <p>Low</p> <p>Moderate</p> <p>Low</p> | March 2022         | <p>Fraud and Corruption Policy and Plan reviewed and adopted in March 2021</p> <p>Compulsory training every two year for all staff to complete, which includes a unit on Fraud and Corruption.</p> <p>Councillor and Staff Code of Conducts are current and have dedicated sections on Fraud and Corruption</p> |
| 4  | <p>Workforce Planning – Lack of workforce planning in the face of an ageing workforce and changing demographics of staff</p> <p>Risk Owner: Human Resources Business Partner</p> | <p>Poor retention of staff.</p> <p>Increase in financial cost of recruiting</p> <p>Loss of knowledge, skills and experience</p> <p>Loss of continuity and services.</p> <p>Impact on performance.</p> | <p>Inability to recruit resulting in loss of, or delay in services.</p> <p>Lack of performance management.</p> <p>Insufficient skills to meet performance targets</p> <p>No succession planning not in place.</p>  | <p>Workforce Plan developed as part of the LGA 2020 implementation.</p> <p>Succession planning</p> <p>Flexible working arrangements.</p> <p>Phased in retirement.</p> <p>Recruitment Plan developed.</p>  | Mod                | Possible   | <p>Finance</p> <p>OH&amp;S</p> <p>Service Delivery</p> | <p>Medium</p> <p>Minor</p> <p>Medium</p> | <p>Moderate</p> <p>Moderate</p> <p>Moderate</p> | <p>Low</p> <p>Low</p> <p>Low</p>      | Oct 2022           | <p>Annual Performance Plans updated in June each year.</p> <p>Develop an action plan to support the objectives of the Workforce Plan.</p> <p>Review recruitment practices in line with the Gender</p>   |



| No | Risk Description (and impact)  | Impacts  | Causes   | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area          | Conseq. Level       | Conseq. Risk Level       | Max.Risk Appetite | Annual Review Date | Actions/ Additional Controls   |
|----|--|--|--|---|--------------------|------------|-----------------------|---------------------|--------------------------|-------------------|--------------------|--|
|    |  |  | Poor organisational morale.  | Annual Performance Plans reviewed.<br>Employee Assistance Program.<br>Staff Code of Conduct<br>Health and Wellbeing Program<br>Workforce Plan developed and in force.<br>Annual Performance Plans updated in June each year.  |                    |            |                       |                     |                          |                   |                    | Equality Act requirements.   |
| 5  | Governance – Failure to manage a governance framework which embraces good governance practices and ensures the delivery of customer focused services.<br><br>Risk Owner: Governance and Administration Coordinator | Unlawful or inappropriate decisions.<br><br>Incorrect advice provided<br><br>Reputational damage to Council and the organisation<br><br>Breaches of Code of Conduct (Council or staff)<br><br>May lead to legal liabilities as result of breaches. | Poor decision making<br><br>Unresolved conflict/s at Council or organisational level.<br>Appropriate policies and procedures not in place.<br><br>Undisclosed conflicts. | Monitoring changes in legislation.<br><br>Councillor Code of Conduct<br><br>Staff Code of Conduct<br>Councillor Induction Program<br><br>Staff delegation and authorisations<br><br>Policies and Procedures, including Public | Mod                | Possible   | Govern.<br><br>Reput. | Medium<br><br>Minor | Moderate<br><br>Moderate | Medium<br><br>Low | May 2022           | Continuing to monitor updates from LGV.<br><br>Continuing to update Council policies, delegation and authorisations, and Personal Interests Returns as per legislative requirements. |



| No | Risk Description (and impact)   | Impacts   | Causes  | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area                 | Conseq. Level              | Conseq. Risk Level              | Max.Risk Appetite          | Annual Review Date | Actions/ Additional Controls   |
|----|---|---|---|---|--------------------|------------|------------------------------|----------------------------|---------------------------------|----------------------------|--------------------|--|
|    |   |   |   | <p>Transparency Policy</p> <p>Governance Rules</p> <p>Personal Interests Returns</p> <p>Council policies, delegation and authorisations, and Personal Interests Returns reviewed an updated as per legislative requirements.</p> <p>Councillor induction program completed.</p> |                    |            |                              |                            |                                 |                            |                    |  |
| 6  | <p>Legislative Compliance – Failing to ensure compliance with Council's policies and legislative requirements.</p> <p>Risk Owner: Governance and Administration Coordinator</p> | <p>Breach of privacy, confidentiality or other legislation.</p> <p>Reputational harm and loss of confidence in the Council.</p> | <p>Not having regular training on the obligations of the Act/s.</p> <p>No process in place to monitor and report breaches of organisational policies/ procedures</p> <p>No process for monitoring legislative changes and updates</p> | <p>Monitoring changes in legislation.</p> <p>Councillor Code of Conduct</p> <p>Staff Code of Conduct</p> <p>Councillor Induction Program</p> <p>Access to legal advice</p> <p>Privacy procedures</p>  | Mod                | Possible   | <p>Govern.</p> <p>Reput.</p> | <p>Medium</p> <p>Minor</p> | <p>Moderate</p> <p>Moderate</p> | <p>Moderate</p> <p>Low</p> | July 2022          | <p>Continual monitoring of changes to legislations.</p> <p>Continue to review policies</p> |



| No | Risk Description (and impact)   | Impacts   | Causes   | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area                                     | Conseq. Level                    | Conseq. Risk Level                       | Max.Risk Appetite              | Annual Review Date | Actions/ Additional Controls  |
|----|---|---|--|---|--------------------|------------|--|----------------------------------|--|--------------------------------|--------------------|---|
|    |   |   |  | Councillor induction program completed.   |                    |            |  |                                  |  |                                |                    |   |
| 7  | Business Continuity – Failure to plan adequately for the impacts of a disruption to Council’s normal operating environment<br><br>Risk Owner: Governance and Administration Coordinator | Disruption to services for prolonged periods<br><br>Breakdown of community networks.<br><br>Loss of Council information.<br><br>Reputational damage.<br><br>Loss of access to key systems.<br><br>Costs to rectify disruptions. | COVID-19 Pandemic.<br><br>No review of the BCP undertaken.<br><br>No exercises to test the BCP.<br><br>Lack of skills in the organisation to adequately implement emergency plans in response to any given event.<br><br>Loss of key business systems due to power or system failure.<br><br>Council offices/Depots not available due to emergency events. | BCP reviewed and updated in order to identify critical service requirements.<br><br>Annual simulation testing exercises.<br><br>Emergency Management Plan<br><br>Insured risk.<br><br>Disaster Recovery Plan<br><br>Access to support services. | Mod                | Possible   | Service Delivery                                 | Medium                           | Moderate                                 | Low                            | Sept 2022          | Business Continuity Plan currently under review.<br><br>Implement regular BCP exercises.                    |
| 8  | Climate Change – Failure to have sufficient financial resources, knowledge and flexibility to address climate change challenges<br><br>Risk Owner:                                      | Poor planning decisions.<br><br>Increased cost of services.<br><br>Reactive solutions to environmental issues.  | Poor planning decisions.<br><br>Reactive solutions to environmental issues.<br><br>Lack of understanding by Councillors and staff.   | Liaison with partners/advice to residents on energy saving, reduction in carbon emission, wellbeing etc.<br><br>Preparation of Climate Action Plan.   | Mod                | Possible   | Env Resp.<br><br>Finance<br><br>Service Delivery | Medium<br><br>Minor<br><br>Minor | Moderate<br><br>Moderate<br><br>Moderate | Moderate<br><br>Low<br><br>Low | Dec 2022           | Environmental Working Group members have been appointed and first meeting will be held in March/April 2022. |



| No | Risk Description (and impact)  | Impacts   | Causes  | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area | Conseq. Level | Conseq. Risk Level | Max.Risk Appetite | Annual Review Date | Actions/ Additional Controls   |
|----|--|---|---|--|--------------------|------------|--------------|---------------|--------------------|-------------------|--------------------|--|
|    | Manager Planning, Community and Compliance   | Potential legal action.<br><br>Loss of reputation.  | Non acceptance of Climate Change as a risk.   | Waste and Resource Recovery Strategy adopted February 2021<br><br>Municipal Emergency Management Plan<br><br>Asset Management Plan 2021-2031 developed<br><br>Environmental Working Group.   |                    |            |              |               |                    |                   |                    |  |
| 9  | Occupational Health and Safety Failure to comply with Occupational Health and Safety regulations and risk management to ensure the safety of people.<br><br>Risk Owner: Human Resources Business Partner Governance and Administration Coordinator | Death, injury or illness.<br><br>Increased absences.<br><br>Council non-compliance with legislative requirements.<br><br>Increased costs and insurance premiums.<br><br>Increase in preventable accidents and injuries. | Confusion around roles and responsibilities in relation to OH&S<br><br>Council non-compliance with legislative requirements.<br><br>Lack of understanding of OH&S legislative requires and Council policy.<br><br>Lack of risk culture in the organisation. | Staff Induction and training protocols<br><br>Ensure policies and procedures are in place to monitor, report and minimise health and safety risks in the workplace.<br><br>Safety Committee Meetings<br><br>Incident and hazard assessments and reporting.<br><br>Toolbox meetings to discuss WHS matters. | Mod                | Possible   | OH&S         | Medium        | Moderate           | Low               | June 2022          | All policies and procedures in relation to OHS are reviewed on an ongoing basis.<br><br>Safety Committee meet every month to discuss relevant issues.<br><br>Implement findings of WorkSafe Audits.<br><br>Facilitate By-Stander training in 2022. |



| No | Risk Description (and impact)   | Impacts  | Causes   | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area                                  | Conseq. Level                         | Conseq. Risk Level                  | Max.Risk Appetite              | Annual Review Date | Actions/ Additional Controls  |
|----|---|--|--|--|--------------------|------------|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------|---|
|    |   |  |  | Regular maintenance schedules.   |                    |            |   |                                       |                                     |                                |                    |   |
| 10 | Records Management – Insufficiently maintained records management, including corporate information not being appropriately recorded, managed or maintained resulting in inefficiencies, breach of legislation, loss of information and inappropriate disposal.<br><br>Risk Owner: Organisational Transformation | Loss of records and data.<br><br>Breaches of privacy.<br><br>Cost of restoring records.<br><br>Reputational damage.<br><br>Legal action. | Lack of training in records management, including archiving.<br><br>Lack of knowledge of Records Management processes. | Continuous training and auditing to be undertaken.<br><br>Maintaining up to date IT systems.<br><br>Ongoing use of appropriate Records storage system.<br><br>Induction Session on Records Management. | Mod                | Possible   | Govern.<br><br>Reput.<br><br>Service Delivery | Medium<br><br>Insignif.<br><br>Medium | Moderate<br><br>Low<br><br>Moderate | Moderate<br><br>Low<br><br>Low | Dec 2022           | SharePoint is now Council’s document management and storage platform integrating with Microsoft Office 365 and compliant with PROV VERS.<br><br>SharePoint platform being enhanced through the implementation of AvePoint for document sentencing purposes and cloud back up.<br><br>Any new staff commencing with ARCC to be provided with a records Management induction session.<br><br>Continuous training and auditing to be undertaken. |



| No | Risk Description (and impact)   | Impacts   | Causes   | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area          | Conseq. Level  | Conseq. Risk Level   | Max.Risk Appetite | Annual Review Date | Actions/ Additional Controls  |
|----|---|---|--|--|--------------------|------------|-----------------------|----------------|----------------------|-------------------|--------------------|---|
|    |   |   |  |  |                    |            |                       |                |                      |                   |                    | Audit/Survey of system users currently being carried out to determine future records management requirements.   |
| 11 | <p>IT Infrastructure – Failure to keep up with technology trends and to provide efficient, reliable, secure technology systems to support the delivery of council services</p> <p>Risk Owner: Coordinator Strategic Asset Management and IT</p> | <p>Ineffective administration operations.</p> <p>Inability to access data, records and systems.</p> <p>Disruption to services.</p> <p>Loss of business continuity</p> <p>Unauthorised use of information.</p> | <p>Poor infrastructure and systems.</p> <p>Lack of skilled staff.</p> <p>Lack of IT Management strategies.</p> <p>Inappropriate use of organisational IT infrastructure.</p> | <p>Organisation has transitioned to use of cloud infrastructure instead of on premises infrastructure.</p> <p>Continuous monitoring of advances in technology and upgrading programmes to meet the Council's requirements.</p> <p>Information Technology Policy reviewed on a regular basis</p> <p>Protective Data Security Plan reviewed as per legislation</p> <p>Induction Session on IT.</p> | Mod                | Possible   | Service Delivery      | Medium         | Moderate             | Low               | August 2022        | <p>Any new staff commencing with ARCC to be provided with an IT induction session.</p> <p>Implement multi factor authentication</p> <p>Migrate systems to cloud</p> |
| 12 | <p>Waste Management – Failure to plan and resource a suitable</p>   | Ineffective waste service.  | Lack of planning   | Waste and Resource Recovery Strategy   | Mod                | Possible   | Env. Resp.<br>Finance | Minor<br>Minor | Moderate<br>Moderate | Moderate<br>Low   | June 2022          | Waste and Resource Recovery Strategy –  |

01 MARCH 2022  
AUDIT AND RISK COMMITTEE  
MINUTES



| No | Risk Description (and impact)  | Impacts   | Causes   | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area                   | Conseq. Level           | Conseq. Risk Level  | Max.Risk Appetite   | Annual Review Date | Actions/ Additional Controls  |
|----|--|---|--|---|--------------------|------------|--------------------------------|-------------------------|---------------------|---------------------|--------------------|---|
|    | waste management program or facilities which are sustainable, reduce environmental degradation, improve public safety and complies with regulatory requirements.<br><br>Risk Owner: Manager Planning, Community and Compliance   | Loss of community confidence.<br><br>Potential legal action for breaches.                                     | Lack of developed policies/procedures<br><br>Lack of monitoring and reporting on waste services.<br><br>Lack of financial resources.                               | adopted February 2021.<br><br>Review of Waste Management Services underway.   |                    |            | Reput.<br><br>Service Delivery | Insignif.<br><br>Medium | Low<br><br>Moderate | Low<br><br>Low      |                    | actions identified, and implementation commenced.<br><br>Confidential review of Council's waste management services underway.   |
| 13 | Strategic Leadership and Advocacy – Failure to have strategic leadership and Advocacy. (Ineffective or weakened relationships with Government, Council's stakeholders and the community to develop projects, support industry and provide opportunities.)<br><br>Risk Owner: Chief Executive Officer | Diminished community Trust<br><br>Poor decision making<br><br>Missed opportunities<br><br>Reputational damage | Lack of understanding of community needs.<br><br>Not engaging with stakeholders.<br><br>Poor community engagement and lack of training in communication processes. | Advocacy Program adopted by Council for 2021/2022.<br><br>Community Satisfaction Survey results increase.<br><br>Community Engagement Policy implemented.<br><br>Regular external stakeholder meeting with Councils, Ministers and Government bodies. | Mod                | Possible   | Govern.<br><br>Reput.          | Medium<br><br>Insignif. | Moderate<br><br>low | Moderate<br><br>Low | January 2023       | Monitor the Community Satisfaction Survey results.<br><br>Advocate for priorities as outlined in the Advocacy Program and the Council Plan Strategic Objectives.<br><br>Meet with relevant stakeholders including State and Federal Government regarding funding for identified projects. |



| No | Risk Description (and impact)   | Impacts   | Causes  | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area                                  | Conseq. Level                         | Conseq. Risk Level                  | Max.Risk Appetite         | Annual Review Date | Actions/ Additional Controls   |
|----|---|---|---|--|--------------------|------------|---|---------------------------------------|-------------------------------------|---------------------------|--------------------|--|
|    |   |   |   | Engage Ararat Platform created and Council website<br><br>Mayoral/Councillor column published weekly in local newspaper.<br><br>Public Transparency Policy<br><br>Customer focused approach in every daily interaction<br><br>Staff have shifted their thinking to a customer focus, which is a priority of the CEO. |                    |            |   |                                       |                                     |                           |                    |  |
| 14 | Asset Management – Failure to manage and implement a Council wide framework for sustainable Asset Management which provides the desired level of services to the community<br><br>Risk Owner: Coordinator Strategic Asset Management and IT | Failure of infrastructure assets due to lack of maintenance<br><br>Inefficient work practices.<br><br>Reduced ability to provide services.<br><br>Assets that don't meet community expectations.<br><br>Loss of essential communications, | Inefficient work practices.<br><br>Inadequate budget allocation to maintain Council assets to required service levels.<br><br>Asset management registers not accurately maintained.<br><br>Ageing assets. | Asset Plans reviewed<br><br>Annual building reviews undertaken by Assets to identify defects and remedial action<br><br>Maintenance program.<br><br>Recreation Reserve review.<br>Regular building, bridge, road and footpath  | Mod                | Possible   | Finance<br><br>Reput.<br><br>Service Delivery | Medium<br><br>Insignif.<br><br>Medium | Moderate<br><br>Low<br><br>Moderate | Low<br><br>Low<br><br>Low | April 2022         | Asset Management Plans currently being reviewed.<br><br>Asset Management framework review to be completed by 31 March 2022.<br><br>Annual building reviews and maintenance program to be incorporated into review of |



| No | Risk Description (and impact)   | Impacts   | Causes   | Existing Control Measures   | Overall Risk Level | Likelihood | Conseq. Area                    | Conseq. Level        | Conseq. Risk Level       | Max.Risk Appetite | Annual Review Date | Actions/ Additional Controls   |
|----|---|---|--|---|--------------------|------------|---------------------------------|----------------------|--------------------------|-------------------|--------------------|--|
|    |   | access and service delivery.<br><br>Emergency response capability inhibited.<br><br>Loss of assets  |  | inspections carried out.  |                    |            |                                 |                      |                          |                   |                    | Asset Management.<br><br>Investigate other income sources to supplement asset renewal and upgrading. |
| 15 | Financial Sustainability – Inadequate financial planning and management significantly impacting service delivery, and financial sustainability to meet projects and strategic objectives in Council Plan<br><br>Risk Owner: Chief Executive Officer | Loss of, or reduction in services.<br><br>Hold up, theft, misappropriation<br><br>Damage to Council’s reputation.<br><br>Key objectives of the Council Plan not met.<br><br>Budget overruns | Fraud<br><br>Hold up, theft, misappropriation<br><br>Lack of formal monitoring of budgets.<br><br>Reduction in grant funding available.<br><br>Failure to deliver Council Plan strategic outcomes.<br><br>Not delivering key services. | Council Plan developed with focus on key objectives.<br><br>Financial Plan 2021-2031 developed<br><br>Revenue and Rating Strategy 2021-2025 developed.<br><br>Long Term Financial Plan<br><br>Monthly financial reports to Council<br><br>Dual authorisations.<br><br>Duress button, security.<br><br>Staff training in security protocols.<br><br>Insurance Policy | Mod                | Possible   | Finance<br><br>Service Delivery | Medium<br><br>Medium | Moderate<br><br>Moderate | Low<br><br>Low    | Feb 2023           | New performance platform established with regular reporting to Council commencing in 2022.           |



| No | Risk Description (and impact)  | Impacts  | Causes  | Existing Control Measures  | Overall Risk Level | Likelihood | Conseq. Area   | Conseq. Level                                | Conseq. Risk Level                         | Max.Risk Appetite                | Annual Review Date | Actions/ Additional Controls  |
|----|--|--|---|--|--------------------|------------|--|--|--|----------------------------------|--------------------|---|
|    |  |  |   | <p>All legislative requirements have been met with the Council Plan, Financial Plan, Revenue and Rating Strategy developed.</p> <p>New performance platform established with regular reporting to Council commencing soon.</p>   |                    |            |  |  |  |                                  |                    |   |
| 16 | <p>Cyber Attack – Failure to repel or recover from a Cyber-attack including targeted ransomware, malware, and Distributed Denial of Service (DDoS) attacks.</p> <p>Risk Owner: Coordinator Strategic Asset Management and IT</p> | <p>Unauthorised access to programs and data</p> <p>Data held for ransom</p> <p>Significant financial loss</p> <p>Loss of IT services and/or data for periods of time</p> <p>Reputational damage.</p> | <p>Inadequate cyber security mechanisms / policy.</p> <p>The move to home working has increased the vulnerability to malware issues.</p> <p>Poor understanding of current and emerging cyber threats to systems. Technical failure to protect IT systems.</p> | <p>Security and ICT usage policies in place and regularly updated.</p> <p>Cyber insurance</p> <p>Cyber risk training.</p> <p>IT Policy updated on 26 April 2021.</p> <p>IT department alert staff on any suspected spam attacks and these are dealt with immediately</p> <p>Council maintains its firewall and end point protection with industry standards.</p> | Mod                | Possible   | <p>Finance</p> <p>Reput.</p> <p>Service Delivery</p> | <p>Medium</p> <p>Insignif.</p> <p>Medium</p> | <p>Moderate</p> <p>Low</p> <p>Moderate</p> | <p>Low</p> <p>Low</p> <p>Low</p> | March 2022         | <p>IT staff to be updated on the current issues from our Risk Management providers. They also provide training on cyber related matters.</p> <p>Council continues to maintain its firewall and end point protection with industry standards.</p> <p>Council to look at Penetration testing.</p> |

For information, the following matrixes has been applied to the Strategic Risks. These matrixes can also be found in the Risk Management Policy.

**Likelihood Level:**

| Likelihood Rating |  |
|-------------------|--|
| Name              | Description  |
| Almost certain    | The event is expected to occur in most circumstances or at least twice a year. |
| Likely            | Expect this event at least annually.   |
| Possible          | The event might occur at some time over an extended period.                    |
| Unlikely          | The event could occur at some time but is not usually experienced.             |
| Rare              | The event may occur only in exceptional circumstances.                         |

**Risk Categories:**

| Category                       | Type   |
|--------------------------------|--|
| <b>Governance</b>              | This risk category incorporates:<br>Council Plan, Council Policies and Procedures, Compliance (Laws/Acts/Local Laws), Audit, Legal, Business Continuity, Fraud and Risk, Liability and Insurance, Media, Lease and Committee Management.                                 |
| <b>Finance</b>                 | This risk category incorporates:<br>Council Budget, Forecasting and Strategic Resource Plan, Loans, Ownership / Title, Contract Management and Procurement, Accounts Payable, Accounts Receivable, Investment, Debt Management.  |
| <b>Service Delivery</b>        | This risk category incorporates:<br>Human Resources, Customer Service, Information Systems, Planning, Asset Management, Human Resources, Operational Services, Project Management, Information Technology, Records Management, Waste Management, Animal Control, Parking |
| <b>Environmental</b>           | This risk category incorporates:<br>Sustainability, Pollution, Cultural Heritage, Native Vegetation,   |
| <b>Reputation</b>              | This risk category incorporates:<br>Political, Public Relations, Promotion and Marketing, Events   |
| <b>Occupational and Safety</b> | <b>Health</b><br>This risk category incorporates:<br>OH&S Management System, Injury Management and Response, Incident Management   |

**Consequence:**

| CONSEQUENCE RATING  | CONSEQUENCE   |  |  |   |  |  |
|---------------------|---|--|--|---|--|--|
|                     | Environmental Responsibility                                    | Finance  | Governance   | Occupational Health and Safety                      | Reputation   | Service Delivery   |
| <b>Catastrophic</b> | Uncontained damage with major impact/major fine/public reaction | Cannot be managed within Council budget (<\$1,000,000) | Widespread policy/ legislative/ compliance non-compliance/ failure | Loss of life probable and serious injury inevitable | Public media outrage, official public investigation , public criticism of Council and its operations | Critical operational service failure or loss of delivery (>5 days) |

|                      |  |  |  |  |  |   |
|----------------------|--|--|--|--|--|---|
| <b>Major</b>         | Major breach or impact/fines           | Major rework of Council budget (\$250,000 - \$1,000,000)   | Systematic policy/legislative non-compliance | Loss of life possible and serious injury probable      | Loss of community confidence in Council and/or intense local media concern/national media coverage or formal inquiry | Major operational service failure or loss of service delivery (>1 day)      |
| <b>Moderate</b>      | Moderate breach, impact or complaint   | Significant departmental rework of budget or minor rework of Council budget (\$50,000 - \$250,000) | Frequent policy/legislative non-compliance   | Loss of life unlikely, but serious injury possible     | Concerns raised by community and/or broad adverse media coverage   | Moderate operational service failure or loss of service delivery (>3 hours) |
| <b>Minor</b>         | Minor breach, impact or complaint      | Some rework of budget required (\$2,000 - \$50,000)  | Isolated policy/legislative non-compliance   | Serious injury unlikely, but minor injury possible     | Minor or isolated concerns raised by community, customers or suppliers and/or adverse local media                    | Loss of operational service delivery (>1 hour)                              |
| <b>Insignificant</b> | Negligible breach, impact or complaint | Financial impact easily managed within budget (<\$2,000)   | No policy/legislative non-compliance         | Would cause minor injuries that are able to be treated | No inconvenience to the community or organisation  | No loss of operational service delivery                                     |

**Risk Rating:**

| Risk Rating     | Action Required   |
|-----------------|---|
| <b>Extreme</b>  | Management is to be involved in developing a detailed plan for understanding, managing and reducing the risk. Management will monitor the status of these risks.                            |
| <b>High</b>     | Management oversight is needed and responsibility given to operational management to apply specific procedures to research the risk, implement specific procedures and/or monitor the risk. |
| <b>Moderate</b> | Operational management to apply specific procedures to monitor the risk and to implement specific response procedures.  |
| <b>Low</b>      | Managed by routine procedures and is unlikely to need specific application of resources. Status is to be monitored by responsible team members reporting to their managers.                 |

Likelihood vs Consequences Matrix

| LIKELIHOOD  | CONSEQUENCES     |          |             |          |                 |
|---|------------------|----------|-------------|----------|-----------------|
|   | 1: Insignificant | 2: Minor | 3: Moderate | 4: Major | 5: Catastrophic |
| <b>Almost Certain:</b><br>The event is expected to occur in most circumstances or at least twice a year | Moderate         | High     | High        | Extreme  | Extreme         |
| <b>Likely:</b><br>Expect this event at least annually   | Moderate         | Moderate | High        | High     | Extreme         |
| <b>Possible:</b><br>The event might occur at some time over an extended period                          | Low              | Moderate | Moderate    | High     | High            |
| <b>Unlikely:</b><br>The event could occur at some time but is not usually experienced                   | Low              | Low      | Moderate    | Moderate | High            |
| <b>Rare:</b><br>The event may occur in exceptional circumstances  | Low              | Low      | Moderate    | Moderate | High            |

Risk Appetite

|                                       | Low                             | Moderate                        | High                            | Extreme                         |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Environmental Responsibility</b>   | Accept<br>Notify to: Risk Owner | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |
| <b>Finance</b>                        | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |
| <b>Governance</b>                     | Accept<br>Notify to: Risk Owner | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |
| <b>Occupational Health and Safety</b> | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |
| <b>Reputation</b>                     | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |
| <b>Service Delivery</b>               | Accept<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner | Reject<br>Notify to: Risk Owner |

RECOMMENDATION

*That the Strategic Risk Review and Update Report be received.*

MOVED ROBERT TOMMASINI  
SECONDED JESSICA ADLER

That the Strategic Risk Review and Update Report be received.

CARRIED

ATTACHMENTS

There are no attachments relating to this item.

**Note:**

- Robert Tommasini would like to note the excellent work that has been undertaken by Jenny Woolcock, in continuing to evolve the Risk Register document.
- Strategic Risk Register to include inherent and residual risks at June 2022 Audit & Risk Committee Meeting.

## SECTION 6- FRAUD PREVENTION

### 6.1 REVIEW COUNCIL'S FRAUD PREVENTION POLICIES AND CONTROLS INCLUDING THE FRAUD CONTROL PLAN AND FRAUD AWARENESS PROGRAMS

#### 6.1.1 COUNCIL POLICY REVIEW FRAUD AND CORRUPTION CONTROL POLICY and FRAUD AND CORRUPTION CONTROL PLAN

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#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### BACKGROUND

Council policies are reviewed on an ongoing policy and procedure review process.

This report outlines the review of the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan.

#### DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes

The Fraud and Corruption Control Policy and Fraud and Corruption Control Plan were last reviewed in March 2021. The documents have been identified for an annual review.

A review of the Fraud and Corruption Control Policy and Fraud and Corruption Plan have been undertaken and no major changes have been made to the documents.

#### RECOMMENDATION

*That the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan be received.*

#### MOVED ROBERT TOMMASINI SECONDED CR JO ARMSTRONG

**That the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan be received.**

#### CARRIED

#### ATTACHMENTS

Copies of the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan are provided as Attachment 6.1.1.

**Note:** Add definition of Relevant Officer in the definitions table

Add further emphasis on data and the importance of protecting this data/Cross reference this policy with other relating policies.

## SECTION 7- INTERNAL AUDIT

### 7.1 REVIEW REPORTS ON INTERNAL AUDIT REVIEWS, INCLUDING RECOMMENDATIONS FOR IMPROVEMENT ARISING FROM THOSE REVIEWS

#### 7.1.1 STRATEGIC INTERNAL AUDIT PROGRAM STATUS UPDATE

##### BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. This report outlines the audit program that AFS will undertake over the next three years.

##### DISCUSSION

AFS & Associates have provided the current status of the Internal Audit Program. AFS completed the Depot Operations Audit and Past Issues Audit in May 2021, the Management Report for both of these audits were presented to the September Audit & Risk Committee meeting.

Two audits were conducted in October 2021 in relation to Asset Management - Road Assets and Building Services Unit. A Final Internal Audit Report for both topics have been issued to management. The outcomes of the Asset Management - Road Assets and Building Services Unit audit are included in Item 7.1.2 and 7.1.3.

There are currently two reports in progress: Business Continuity Planning & Disaster Recovery Planning and Operational Review HACCP. Audits for each of these were undertaken in January & February 2022. These reports will be presented to the June 2022 Audit & Risk Council Meeting.

##### RECOMMENDATION

*That the Strategic Internal Audit Program Status Update report be received.*

MOVED CR HENRY BURRIDGE  
SECONDED JESSICA ADLER

That the Strategic Internal Audit Program Status Update report be received.

CARRIED

##### ATTACHMENTS

The Strategic Internal Audit Program Status Update report is provided as Attachment 7.1.1.

**Note:** Bring forward the Information Technology Governance & Cyber Security Audit, and swap with the Fraud and Corruption Audit. Information Technology Governance & Cyber Security Audit to now be completed 14-18 November 2022.

## 7.1.2 INTERNAL AUDIT- ASSET MANAGEMENT - ROAD ASSETS

### BACKGROUND

AFS & Associates are Council's Internal Auditors and have recently conducted an audit on Ararat Rural City Councils Asset Management - Road Assets. This audit was undertaken in October 2021 and the final report was received in February 2022.

### DISCUSSION

The objective was to confirm Ararat Rural City Council's management of road assets is effective, in order to minimise risks.

The audit concluded there were 3 areas of strength. 5 areas rated as moderate risks and 2 areas rated as minor risks. The definition of a moderate risk is medium likelihood and/or consequence – requires attention over six months. The definition of a minor risk is low likelihood and/or consequence – attention within 12 months. Recommendations from and responses to the Asset Management - Road Assets audit are included in Item 7.1.4 - Internal Audit - Audit Review Outcomes Update.

### RECOMMENDATION

*The Audit and Risk Committee recommends management adopt the 18 recommendations from the Asset Management - Road Assets report.*

### MOVED ROBERT TOMMASINI SECONDED CR HENRY BURRIDGE

The Audit and Risk Committee recommends management adopt the 18 recommendations from the Asset Management - Road Assets report.

### CARRIED

### ATTACHMENTS

The Asset Management - Road Assets report is provided as Attachment 7.1.2

**Note:** Amend Management Comment for recommendation 3.3 & 3.4. Refer to management's comments on Pg 10 of the report, as 3.3 & 3.4 are addressed there.

### 7.1.3 INTERNAL AUDIT- BUILDING SERVICES UNIT

#### BACKGROUND

AFS & Associates are Council's Internal Auditors and have recently conducted an audit on Ararat Rural City Council's Building Services Unit. This audit was undertaken in October 2021 and the final report was received in February 2022.

#### DISCUSSION

The objective was to review the framework in place to ensure:

- Compliance with prescribed standards set by the *Buildings Act 1993*
- Risks are being effectively managed
- The service is being delivered to appropriate standards.

The audit concluded there were 5 areas of strength. 2 areas rated as moderate risks, 4 areas rated as minor risks and 1 area of opportunity identified. The definition of a moderate risk is medium likelihood and/or consequence – requires attention over six months. The definition of a minor risk is low likelihood and/or consequence – attention within 12 months. Recommendations from and responses to the Building Services Unit audit are included in Item 7.1.4 - Internal Audit - Audit Review Outcomes Update.

#### RECOMMENDATION

*The Audit and Risk Committee recommends management adopt the 12 recommendations from the Building Services Unit report.*

#### MOVED CR JO ARMSTRONG SECONDED JESSICA ADLER

The Audit and Risk Committee recommends management adopt the 12 recommendations from the Building Services Unit report.

#### CARRIED

#### ATTACHMENTS

The Building Services Unit report is provided as Attachment 7.1.3

**Note:** Add more context to recommendation 6.1

#### 7.1.4 INTERNAL AUDIT - AUDIT REVIEW OUTCOMES UPDATE

##### BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. Council has reviewed the recommendations made by the Internal Auditor in relation to the internal audit reviews and these are presented as an attachment to this report.

##### DISCUSSION

An Audit Review Outcomes Action Plan was developed to capture the recommendations highlighted in the various internal audits conducted by AFS.

As per the 2021-07 Past Issues Report, 14 recommendations have now been removed from the excel spreadsheet, as they have been approved as 'complete'.

The Audit Review Outcome Action Plan lists the recommendations and subsequent outcomes and projected completion dates.

##### RECOMMENDATION

*That the Audit Review Outcomes Update report be received.*

**MOVED CR HENRY BURRIDGE  
SECONDED CR JO ARMSTRONG**

**That the Audit Review Outcomes Update report be received.**

**CARRIED**

##### ATTACHMENTS

The Audit Review Outcomes Update report is included as Attachment 7.1.4

**Note:** Include Cash Handling Audit recommendations back onto spreadsheet

## 7.2 MONITOR ACTION BY MANAGEMENT ON INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS

### 7.2.1 2021-07 PAST ISSUES REVIEW REPORT

#### BACKGROUND

AFS & Associates (AFS) are Ararat Rural City Council's Internal Auditors.

#### DISCUSSION

AFS have recently completed a Past Issues Report. The report includes the outcomes of the previous conducted review from May 2021.

Of the 15 recommendations suggested to Council, 14 are now considered satisfactorily addressed and have been marked complete. There is one recommendation that has been deemed partially complete and requires additional work, to be marked complete.

The 14 recommendations now deemed complete, are from the following areas of Council:

#### Environmental Health Officer/ Public Health - October 2018

- Lack of policies and procedures
- Review of food premises registration files

#### Risk Management

- Risk Register

#### Environmental Sustainability Strategy - May 2020

- Environmental Sustainability Strategy

#### Library Facilities- November 2020

- The future of libraries
- Risks associated with offering library services
- Service Plans
- Key Performance Indicators

#### Depot Operations - May 2021

- Asbestos
- Chemical/paint storage security issues and inefficiencies
- Minor equipment
- Vehicle pre-use checks
- Material Safety Data Sheets
- Key register

The one recommendation that remains partially complete includes:

#### Environmental Management and Sustainability - May 2020

- Understanding of Climate Change implications

*"We recommend performing Climate Change and Environmental Sustainability Risk Assessments in key operational areas, such as:*

- a. Infrastructure Planning*
- b. community services*
- c. statutory planning*
- d. private property obligations*
- e. organisational financial sustainability"*

*RECOMMENDATION*

*That the 2021-07 Past Issues Report be received.*

**MOVED ROBERT TOMMASINI  
SECONDED CR HENRY BURRIDGE**

**That the Audit Review Outcomes Update report be received.**

**CARRIED**

**ATTACHMENTS**

The 2021-07 Past Issues report is included as Attachment 7.2.1.

### 7.3 REVIEW THE AUDIT & RISK CHARTER

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#### **OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:**

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### **BACKGROUND**

Council policies are currently reviewed on an ongoing policy and procedure review process.

This report outlines the review that will take place for the Audit and Risk Committee Charter in June 2022, to be presented to the June Audit & Risk Committee Meeting.

#### **DISCUSSION**

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes.

The Audit & Risk Committee Charter was last reviewed in July 2020. It is due to be reviewed again on 21 July 2022. A review of this Charter will be conducted prior to the June Audit & Risk Committee Meeting and presented to the committee on 06 June 2022.

#### **RECOMMENDATION**

*That:*

- 1. The Audit & Risk Committee Charter report be received*
- 2. Council presents the reviewed Audit & Risk Committee Charter to the June 2022 Audit & Risk Committee Meeting.*

**Carried over to be presented at the June 2022 Audit & Risk Meeting**

#### **ATTACHMENTS**

There are no attachments in relation to this item.

## SECTION 8- EXTERNAL AUDIT

### 8.1 ANNUALLY REVIEW AND APPROVE THE EXTERNAL AUDIT SCOPE AND PLAN PROPOSED BY THE EXTERNAL AUDITOR

#### 8.1.1 EXTERNAL AUDIT - AUDIT STRATEGY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022

#### BACKGROUND

The Victoria Auditor General appoints a service provider to undertake the annual financial audit. Ms Cassandra Gravenall of Crowe Australasia has been appointed by the Victoria Auditor-General's office to undertake the annual financial audit for the year ending 30 June 2022.

#### DISCUSSION

An audit strategy is prepared to communicate to Council the proposed approach to the audit of its Financial Report and Performance Statement for the year ending 30 June 2022.

The Audit Act 1994 requires the Auditor-General to form an opinion on Council's Financial Report and Performance Statement.

When undertaking the financial audit, Section 3A of the Audit Act 1994 requires the Auditor-General to also consider the issues of waste, probity, and the prudent use of public resources.

The Performance Statement contains financial and non-financial data. Financial systems are predominantly established to capture financial data. Part of the audit is to review the systems that Council has in place to capture the financial data and non-financial data to ensure compliance with legislative requirements.

At the time of preparing this agenda Crowe Australasia was still compiling the audit strategy document, which will be distributed as soon as it becomes available. Ms Gravenall will be available via Zoom to present the Audit Strategy.

#### RECOMMENDATION

*That the Audit Strategy Report for the Financial Year Ended 30 June 2022 be received.*

#### MOVED CR JO ARMSTRONG SECONDER ROBERT TOMMASINI

That the Audit Strategy Report for the Financial Year Ended 30 June 2022 be received.

#### CARRIED

## SECTION 9- COMPLIANCE

### 9.1 REVIEW THE SYSTEMS AND PROCESSES IMPLEMENTED BY COUNCIL FOR MONITORING COMPLIANCE WITH RELEVANT LEGISLATION AND REGULATIONS

#### 9.1.1 LEGISLATIVE OBLIGATIONS FRAMEWORK

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#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### BACKGROUND

This report provides an update on the new Legislative Obligations Framework

#### DISCUSSION

The Legislative Obligations Framework has been created to ensure that there is a structured set of guidelines to deliver effective compliance with all legislation that applies to Council services.

The framework will ensure legislative compliance is achieved through:

- Identifying and documenting legislative compliance requirements that are applicable to Council services;
- Allocate accountability and responsibility to relevant officers;
- Monitoring and review of legislation to ensure they are up to date;
- Reporting and investigating matter of non-compliance; and
- Providing information and communication to staff to build knowledge across Council.

Council has subscribed to the Reliansys Compliance Module, which will be implemented over the next year to ensure that all relevant officers are aware of their legislative obligations. This will be done in conjunction with the Reliansys Delegations Module which staff with delegated powers have access to.

The Legislative Obligations Framework is an administrative document and will be reviewed every four years or as required by the Chief Executive Officer.

#### RECOMMENDATION

*That the Legislative Obligations Framework be received.*

**MOVED ROBERT TOMMASINI  
SECONDED JESSICA ADLER**

**That the Legislative Obligations Framework be received.**

**CARRIED**

#### ATTACHMENTS

The Legislative Obligations Framework is provided in Attachment 9.1.1

**Note:** Consider including consequences for staff if they are not complying with the policy

## 9.1.2 REVIEW THE PROCESSES FOR COMMUNICATING COUNCIL'S EMPLOYEE CODE OF CONDUCT TO EMPLOYEES AND CONTRACTORS AND FOR MONITORING COMPLIANCE WITH THE CODE

### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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### BACKGROUND

As part of the implementation of the new *Local Government Act 2020* Council were required, within six months of the commencement of Clause 49, to develop and implement a Code of Conduct for staff.

The new Local Government Act 2020 has strict provisions pertaining to what must be included in the Code of Conduct. These inclusions were:

- A gift policy that contains –
  - A requirement for members of Council staff to disclose all gifts above a specified a specified level, and
  - Provisions providing for disclosed gifts to be recorded in a gift register.
- Procedures for dealing with alleged and actual breaches of conflict of interest under the Act, and
- Provisions for the CEO to take disciplinary action against a member of staff.

Council have maintained a Staff Code of Conduct for many years, which is a fundamental component of all staff members employment contract.

### DISCUSSION

#### Communication

The Staff Code of Conduct was reviewed by Council's Human Resources Business Partner, as is the case with most employee related policies.

Consultation is a core requirement of Council's enterprise agreement, as such the recently reviewed Staff Code of Conduct was distributed to members of the Staff Consultative Committee in draft form to disseminate to the broader organisation.

Organisational feedback and commentary are gathered by the Consultative Committee over a two-week period, then returned to the Human Resource Business Partner for consideration, inclusion if relevant and endorsement.

Once finalised, the document is given to the CEO for approval.

The approved is made available in the electronic Policy Manual. The document is also placed in hard copy manuals, located in the upstairs lunchroom and the depot lunchroom. Further to this, an email is sent to 'everyone' (this is an email address that all employees are included in) advising them of the new/reviewed policy with a link.

To date, this process has proved the most successful method with all staff having access to the document either electronically or as a printed version.

#### Compliance

All staff position descriptions have, as a key requirement of the position, a requirement to comply with all policies and procedures of Council.

On commencement of employment, new staff are given an extensive induction which requires them to sign off in acknowledgement of the Staff Code of Conduct.

Further to the initial induction, as part of the staff annual review process, all staff are required to sign off in acknowledgement of having read and understood the Staff Code of Conduct and agree to act in a way that does not breach the Code.

It is then the responsibility of supervisors, with the support of Human Resources, to ensure that their staff do not behave in a way detrimental to the Code.

#### *RECOMMENDATION*

*The Audit and Risk Committee recommends Council continue to communicate and ensure compliance using the methods currently utilised in relation to the Staff Code of Conduct.*

**MOVED ROBERT TOMMASINI  
SECONDED CR HENRY BURRIDGE**

**The Audit and Risk Committee recommends Council continue to communicate and ensure compliance using the methods currently utilised in relation to the Staff Code of Conduct.**

**CARRIED**

#### **ATTACHMENTS**

There are no attachments in relation to this item.

**Note:** Code of Conduct to be presented to the June 2022 Audit & Risk Committee meeting  
Change the review timeframe to 2 years on the Code of Conduct

### 9.1.3 VAGO REPORT- MAINTAINING LOCAL ROADS

#### BACKGROUND

The Victorian Auditor-General's Office (VAGO) conduct audits on Local Government on various topics throughout the year. In March 2021 VAGO presented its report on Maintaining Local Roads.

#### DISCUSSION

VAGO issued a report in March 2021 to ensure that roads are safe and functional and being maintained in a cost efficient and financially sustainable way.

The report assessed whether councils use asset data, budget information and community feedback to inform their planning for road maintenance. VAGO also looked at whether councils are finding and implementing ways to achieve value for money and their ability to maintain roads in timely manner.

The audit recommended that all Victorian Councils adopt the following:

- 5 recommendations about improving the information used for road maintenance planning;
- 3 recommendations relating to collecting and reporting accurate performance data; and
- 2 recommendations about assessing council performance on road management plans.

Management have developed an action plan to address the recommendations made from the VAGO report, which is included as an attachment.

Majority of the items remaining incomplete are currently being worked on and will be complete as Council approach the new valuation cycle (start of the new financial year).

A full copy of the VAGO audit report is available at <https://www.audit.vic.gov.au/report/maintaining-local-roads?section=>

#### RECOMMENDATION

*That the VAGO – Maintaining Local Roads report be received.*

**MOVED CR HENRY BURRIDGE  
SECONDED CR JO ARMSTRONG**

**That the VAGO – Maintaining Local Roads report be received.**

**CARRIED**

#### ATTACHMENTS

The VAGO Maintaining Local Roads Report Recommendations Action Plan is provided as Attachment 9.1.3.

**Note:** Final Report to be presented to the June 2022 Audit and Risk Committee Meeting

## SECTION 10- GENERAL BUSINESS

### 10.1 2021/2022 CAPITAL WORKS

#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### BACKGROUND

This report details the current status of Council's Capital works program to the end of February 2022.

#### DISCUSSION

The capital works program is progressing well with approximately 80% of the roads budget expended to 28 February 2022. Internal road, bridge and drainage maintenance works are progressing well with the bulk of the works expected to be completed after harvest and into Autumn. The operations depot will commence urban street construction works in the new year.

There are a number of continual improvement strategies being implemented into the new year to assist with quality and operator efficiency in the works area.

The road reseal program is 64% complete and progressing well. Works will be completed by mid-April within our contracted window with Inroads.

All externally contracted road construction works are complete, with the Chatsworth Wickliffe Road being completed in the past weeks.

Works are progressing at the Gordon Street Oval with the majority of planning and site works completed and the results of the tender expected by the end of March 2022. The Buangor Recreation Reserve is currently in the detailed design stage with the Architect after community consultation and agreement on design options occurred in early February 2022.

A full list of current Capital Works is included as an attachment and details the status and projects costs to date.

#### RECOMMENDATION

*That the 2021/2022 Capital Works report be received.*

#### MOVED CR JO ARMSTRONG SECONDED ROBERT TOMMASINI

That the 2021/2022 Capital Works report be received.

#### CARRIED

#### ATTACHMENTS

2021/2022 Capital Works Summary provided in Attachment 10.1.

## 10.2 INDUSTRY UPDATE- RECENT REPORTS AND PUBLICATIONS OF INTEREST

### BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. AFS have provided an Industry Update report to be included in the agenda. The Industry Update report lists recent reports and publications that may be of interest to Ararat Rural City Council.

### DISCUSSION

The Industry Update report lists 11 recent articles and reports, covering a range of different topics from: procurement, auditing, management practices, risks associated with council equipment and general information.

The report includes a column outlining the *'Implications for clients'*, which outlines how the publication is applicable to Council.

### RECOMMENDATION

*That the Industry Update report be received.*

**MOVED CR JO ARMSTRONG  
SECONDED JESSICA ADLER**

**That the Industry Update report be received.**

**CARRIED**

### ATTACHMENTS

The Industry Update report is provided as Attachment 10.2.

### 10.3 COUNCIL POLICY REVIEW – DISPOSAL AND PURCHASE OF MATERIALS AT TRANSFER STATIONS POLICY

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#### OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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#### BACKGROUND

Council policies are reviewed on an ongoing policy and procedure review process.

This report outlines the review of the Disposal and Purchase of Materials at Transfer Stations Policy.

#### DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes

A review of the Disposal and Purchase of Materials at Transfer Stations Policy has been undertaken. The policy has been renamed Disposal and Sale of Items at Transfer Stations Policy.

The table below outlines the main changes made to the policy:

|   |
|---|
| Policy title change to Disposal and Sale of Items at Transfer Stations Policy                                   |
| Deletion of line in relation to copy of Council Policy being available, as this is a double up in the document. |

#### RECOMMENDATION

*That the Disposal and Sale of Items at Transfer Stations Policy be received.*

**MOVED CR JO ARMSTRONG  
SECONDED JESSICA ADLER**

**That the Disposal and Sale of Items at Transfer Stations Policy be received.**

**CARRIED**

#### ATTACHMENTS

Copies of the Disposal and Sale of Items at Transfer Stations Policy is provided in Attachment 10.3.

#### 10.4 COUNCIL POLICY REVIEW – OPERATION OF WASTE RESERVE POLICY

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##### **OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:**

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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##### **BACKGROUND**

This report provides an update on the new Operation of Waste Reserve Policy.

##### **DISCUSSION**

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes. It has been identified that Council should ensure it has a policy to meet its legislative obligations in relation to waste fees and charges.

The newly created Operation of Waste Reserve Policy will sit alongside the Council's 10-year capital works plan and ensure that sufficient funds are available to meet capital infrastructure requirements.

##### *RECOMMENDATION*

*That the Operation of Waste Reserve Policy be received.*

##### **MOVED CR JO ARMSTRONG SECONDED JESSICA ADLER**

**That the Operation of Waste Reserve Policy be received.**

##### **CARRIED**

##### **ATTACHMENTS**

The Operation of Waste Reserve Policy is provided in Attachment 10.4.

## 10.5 COUNCIL POLICY REVIEW – ESSENTIAL SAFETY MEASURES POLICY

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### **OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:**

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

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### **BACKGROUND**

Council policies are reviewed on an ongoing policy and procedure review process.

This report outlines the review of the Essential Safety Measures Policy.

### **DISCUSSION**

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes

A review of the Essential Safety Measures Policy has been undertaken.

No changes were made to the document other than noting review and setting next review date for 2024.

### *RECOMMENDATION*

*That the Essential Safety Measures Policy be received.*

**MOVED CR JO ARMSTRONG  
SECONDED JESSICA ADLER**

**That the Essential Safety Measures Policy be received.**

**CARRIED**

### **ATTACHMENTS**

The Essential Safety Measures Policy is provided in Attachment 10.5.

## SECTION 11 – FUTURE MEETINGS

### 11.1 FUTURE MEETING DATES

Future meetings of the Audit and Risk Committee are scheduled as follows:

- Tuesday 7 June 2022 at 1pm
- Tuesday 6 September 2022 at 1pm
- Tuesday 6 December 2022 at 1pm

Meeting closed at 2:25pm

ALIGNMENT WITH AUDIT & RISK COMMITTEE CHARTER

| MARCH 2022 |  | Item in Agenda    |
|------------|--|-------------------|
| Ref.       | Item in Charter  |                   |
| 5.10       | Ensure that a program is in place to test compliance with systems and controls   | <b>Nil.</b>       |
| 5.11       | Assess whether the control environment is consistent with Council's Governance Principles  | <b>Nil.</b>       |
| 5.18       | Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs                             | <b>6.1</b>        |
| 5.21       | Review the Internal Audit Charter regularly  | <b>7.3</b>        |
| 5.22       | Review and approve the three-year strategic internal audit plan, the annual internal audit plan  | <b>7.1.1</b>      |
| 5.25       | Review reports on internal audit reviews, including recommendations for improvement arising from those reviews                                     | <b>7.1.1</b>      |
| 5.27       | Monitor action by management on internal audit findings and recommendations  | <b>7.1.4</b>      |
| 5.31       | Annually review and approve the external audit scope and plan proposed by the external auditor   | <b>8.1</b>        |
| 5.37       | Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations                        | <b>9.1.1</b>      |
| 5.38       | Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code | <b>9.1.2</b>      |
| 5.39       | Obtain briefings on any significant compliance matters   | <b>CEO Report</b> |
| 5.40       | Receive reports from management on the findings of any examinations by regulatory or integrity agencies  | <b>CEO Report</b> |

SECTION 12- NEXT MEETING/CHARTER ITEMS

| JUNE 2022 |  |
|-----------|--|
| Ref.      | Item in Charter  |
| 5.12      | Review annually the effectiveness of Council's risk management framework   |
| 5.13      | Review Council's risk appetite statement and the degree of alignment with Council's risk profile   |
| 5.14      | Review Council's risk profile and the changes occurring in the profile from meeting to meeting   |
| 5.15      | Review Council's treatment plans for significant risks   |
| 5.16      | Review the insurance program annually prior to renewal   |
| 5.17      | Review the approach to business continuity planning arrangements   |
| 5.23      | Review progress on delivery of annual internal audit plan  |
| 5.25      | Review reports on internal audit reviews, including recommendations for improvement arising from those reviews   |
| 5.26      | Meet with the leader of the internal audit function at least annually in the absence of management   |
| 5.27      | Monitor action by management on internal audit findings and recommendations  |
| 5.28      | Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work |