



# MINUTES

Greater Shepparton City Council

## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

3:00PM, Wednesday 8 February 2023

Virtually

### COMMITTEE MEMBERS

Mr Goran Mitrevsk (Chair)

Cr Shane Sali (Mayor)

Cr Anthony Brophy

Mr Vivek Chopra

Mr Stephen Coates

Mr David Kortum

### VISION

#### GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

**M I N U T E S**  
for the  
**AUDIT AND RISK MANAGEMENT COMMITTEE**  
held on  
**WEDNESDAY 8 FEBRUARY 2023 AT 3:00PM**

**CHAIR**  
**MR GORAN MITREVSKI**

**INDEX**

<b>0.4 PRESENT .....</b>	<b>5</b>
0.4.1 Present .....	5
<b>1 ACKNOWLEDGEMENT .....</b>	<b>5</b>
<b>2 APOLOGIES .....</b>	<b>6</b>
2.1 Apologies .....	6
<b>3 DECLARATIONS OF CONFLICT OF INTEREST .....</b>	<b>6</b>
3.1 Declarations of Conflict of Interest .....	6
<b>4 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS .....</b>	<b>6</b>
4.1 Confirmation of Minutes .....	6
<b>5 OFFICER REPORTS .....</b>	<b>7</b>
5.1 Action Register Report .....	7
5.2 CEO Report .....	7
5.2.1 CEO Report .....	7
5.3 OHS Report .....	8
5.3.1 OHS and Work Cover Report .....	8
5.4 Finance Reports .....	10
5.4.1 Finance Report .....	10
5.4.2 2022/2023 Draft Audit Strategy .....	14
5.5 Environmental Report .....	16
5.5.1 Climate Change Mitigating Actions Report .....	16
5.6 Risk Management and Insurance Reports .....	19
5.6.1 Insurance Claims .....	19
5.6.2 Operational Risk Report - High/Extreme .....	24
5.6.3 Strategic Risk Report - Annual Report February 2023 .....	25
5.6.4 Project Risks .....	27
5.7 Governance and Compliance Reports .....	30
5.7.1 Public Interest Disclosure Report .....	30
5.7.2 Gift Declarations Report .....	32

5.7.3 Legislative Compliance Report.....	35
5.8 Procurement Report .....	39
5.8.1 Procurement Compliance.....	39
<b>6 INTERNAL AUDIT REPORTS.....</b>	<b>43</b>
6.1 Internal Audits as completed by Auditors .....	43
6.1.1 Internal Audits as completed by HLB Mann Judd .....	43
6.2 Publications of Interest, Local Government Reports and Publications Report.....	47
6.2.1 Local Government Recent Reports and Publications Report - August 2022 .....	47
6.3 Review Audit Approach with Internal Auditors .....	48
6.3.2 Review Audit Approach with Internal Auditors .....	48
<b>7 ARMC PLANNING AND REPORTING .....</b>	<b>50</b>
7.1 ARMC Meeting Dates for 2023 .....	50
<b>8 GENERAL BUSINESS .....</b>	<b>52</b>
<b>9 DATE OF NEXT MEETING .....</b>	<b>52</b>
9.1 Date of Next Meeting.....	52
<b>10 MEETING CLOSURE .....</b>	<b>52</b>

## Risk Level Matrix Legend

**Note:** A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

Likelihood	Consequences				
	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
<b>Almost Certain (5)</b> Would be expected to occur in most circumstances (daily/weekly)	LOW	MEDIUM	HIGH	EXTREME	EXTREME
<b>Likely (4)</b> Could probably occur in most circumstances (i.e. Monthly)	LOW	MEDIUM	MEDIUM	HIGH	EXTREME
<b>Possible (3)</b> Reasonable probability that it could occur (i.e. over 12 months)	LOW	LOW	MEDIUM	HIGH	HIGH
<b>Unlikely (2)</b> It is not expected to occur (i.e. 2-5 years)	LOW	LOW	LOW	MEDIUM	HIGH
<b>Rare (1)</b> May occur only in exceptional circumstances (i.e. within 10 years)	LOW	LOW	LOW	MEDIUM	HIGH

<b>Extreme</b>	<b>Intolerable – Immediate action is required to mitigate this risk to an acceptable level. Event/Project/Activity is not to proceed without authorisation</b>
<b>High</b>	<b>Intolerable – Attention is needed to treat risk.</b>
<b>Medium</b>	<b>Variable – May be willing to accept the risk in conjunction with monitoring and controls</b>
<b>Low</b>	<b>Tolerable – Managed by routine procedures</b>

## Present

### Attendees:

#### Committee Members

- Goran Mitrevski (Chair)
- David Kortum
- Vivek Chopra
- Stephen Coates
- Cr Shane Sali (Mayor)
- Cr Anthony Brophy (Deputy Mayor)

#### Council Officers

- Chris Teitzel - Acting CEO
- Rebecca Good - Manager Corporate Governance
- Claire Barnes - Manager Finance & Rates
- Hannah Shelton - Senior Financial Analyst
- Nicole Pretty - Acting Director of Corporate Services
- Karen Liversidge - Manager People & Development
- Marie Barbance - Team Leader Occupational Health & Safety
- Jodie Sessions - Team Leader Risk & Assurance
- Kelli Halden - Projects Manager
- Ash Weeks - Financial Accountant
- Lisa Edwards - Minute Taker

#### Internal Audit Representatives

- Kundai Mtsambiwa
- Kapil Kukreja
- Mahesh Silva – (RSD Audit)
- Cranos Moyo– (RSD Audit)

## 1 Acknowledgement

We, Greater Shepparton City Council, acknowledge the Yorta Yorta Peoples of the land which now comprises Greater Shepparton, we pay our respect to their tribal elders, we celebrate their continuing culture and we acknowledge the memory of their ancestors.

## 2 Apologies

**An apology was received for Peter Harriott CEO.  
An apology was received for Sharon Terry**

## 3 Declarations of Conflict of Interest

**Disclosures of conflicts of interest in relation to advice provided in this report**  
Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers, delegates or contractors who have provided advice in relation to this agenda have declared a conflict of interest regarding the matter under consideration.

**Disclosure must occur immediately before the matter is considered or discussed.**

Nil Received.

## 4 Confirmation of Minutes of Previous Meetings

That the minutes of the 7 September 2022 Audit and Risk Management Committee meeting as circulated, be confirmed.

Moved: Vivek Chopra  
Seconded: Stephen Coates

## 5 Officer Reports

### 5.1.1 Action Register Status Report

Author	Team Leader Risk and Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

The Action Register report monitors actions assigned from the Audit and Risk Management Committee meetings providing transparency and oversight of the actionable items.

The Action Register status report allows the Audit and Risk Management Committee (Committee) to monitor the status of actions identified at Committee meetings to ensure they are addressed promptly and completed.

There was a total of three actions resulting from the 10 August 2022 Audit and Risk Management Committee meeting.

Two out of the three actions have been completed as outlined in the attachment. The third action remains in progress.

#### Discussions and Questions from the Committee

The Committee noted the progress of the two completed actions and were comfortable with the progress made on the 3<sup>rd</sup> action.

The Committee sought the reasons for the delay in revisiting the inherent risk ratings relating to Fraud and Corruption

The Committee asked that when allocating actions, a timeframe (date) of expected implementation be included in the report.

#### Actions arising from the Committee Meeting

- Management to include dates of expected completion in the action register.

## 5.2 CEO REPORT

### 5.2.1 CEO Report

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Acting CEO, Chris Teitzel provides a verbal report to the Committee, updating the members on key risks, key council projects, issues or reports that could impact local government, and other items that are of significance in terms of Greater Shepparton City Council, ensuring that the Committee is kept abreast of current, emerging and future issues or risks associated with the Council.

#### CEO's Verbal Update

- Overview of October 2022 Floods including response and recovery activities, damage to council assets, insurance and grant funding
- Long term financial plan – rate capping vs. the current inflation rate and the impact that this could have on financial sustainability
- Recruitment of staff vacancies – ongoing shortage of suitable applicants across all vacancies, review of recruitment and retention strategies will occur in the coming months
- Waste Management – currently participating in a collaborate procurement for waste collection and working the roll-out of the 4<sup>th</sup> bin. Both activities will trigger a review of the charging methodology to the community.

#### Discussions and Questions from the Committee

- The Committee asked for some information on where people are going for work and why they are not coming to Council.
  - Acting CEO said they had not really done a lot of research around where people were going but a big thing with employment was flexibility within roles. Finding that after securing a role within Council candidates would then ask about flexibility arrangements as they could only work certain hours and option of work from home. The Executive Team are currently looking at ways to market the Council as flexible to hopefully attract more candidates to roles.



- The Committee asked what the turnover rate for staff currently sat at.
  - Officer stated that current attrition rate sat at 13%. Currently looking into last 12 months to see the reasons for staff leaving, finding that is has been due to promotion, moving interstate or the offer of better pay rates.
- The Committee asked about the events happening in Shepparton as part of the Commonwealth Games and was there a risk assessment completed around those events.
  - Acting CEO said that Shepparton will be hosting BMX and Cycling with the final for the road race to be held in Shepparton. There will also be some cultural activities held at SAM. We already have a world class BMX track operating in Shepparton that was unfortunately affected by the floods but works were currently being completed to get that back to standard. Risk assessment was already current for BMX track and has been in place for some years.
- The Committee queried if any of the sites being used for Commonwealth Games would come under the Councils responsibility to clean up after games completion.
  - Acting CEO stated that the BMX track was already being maintained and there would be little to no pressure out on any other Council infrastructure as there would only be the possibility of athletes training in our area.

#### Actions arising from the Committee Meeting

Nil

## 5.3 OHS Report

### 5.3.1 OHS and Work Cover Report

Author                    Manager People and Development  
 Approved by          Director Corporate Services  
 Purpose                 For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Reports Conducted:

- Reports relating to incidents, near misses and hazards
  - 77 in total for this reporting period
  - Increase in numbers due to more Human Behavior Incidents being reported than previous period.
- WorkSafe Reports
  - Perrivale Rd investigated as flood affected waste left on kerb, however now compliant.
  - Welsford St claim for injured worker, however now compliant.
  - WorkSafe Officer attended Doyles Rd to follow up WS60364, however now complaint and no further visits required
- Drug / Alcohol Testing
  - 303 Drug and Alcohol Tests have been complete
  - 4 have returned a Non-negative result
  - Secondary testing returned negative result
- Work Health Australia Program
  - 122 employment screens occurred in the reporting period.
- Work Cover
  - The work cover premium has increased in 22/23 due to an increase in medical expenses for the few employees that still have an open claim, including a hip replacement. 3 Standard claims remain open.

#### Discussions and Questions from the Committee

- The Committee asked about specifics on the Child events/incidents.
  - Officer advised that Council now have 18 childcare facilities with children coming from a diverse community, with some children requiring additional help. The Physical Incidents occurring were mainly from children interacting with others through rough play



**Actions arising from the Committee Meeting**

Nil

## 5.4 Finance Reports

### 5.4.1 Finance Report

Author	Team Leader – Financial Analysis
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

#### Key Discussion Points

The Finance Report provides information on Greater Shepparton City Council's (Council) financial performance compared to Adopted Budget. This report incorporates information from the November 2022 Monthly Finance Report (as at 30 November 2022).

#### Income Statement

The Year to Date (YTD) accounting surplus of \$48.5 million is \$653,000 (1.3%) less than the YTD Adopted Budget. Whilst there was a favorable variance in the Underlying Operating Result due to lower expenditure, the delay in Capital Grant income has resulted in an unfavorable YTD Accounting Surplus. The Projected Full Year accounting surplus of \$26.8 million is \$2.7 million (9.1%) less than the Adopted Budget. This is mostly due to a reduction in projected Capital Grant income, due to the deferral of the Fryers Street and Railway Parade Upgrade project.

#### October 2022 Flood Event

In October 2022 the Greater Shepparton region experienced a major flood event. As the financial impacts of the flood event are established, budget projections will continue to be updated. Some relief and recovery activities undertaken by Council, in addition to damage to essential infrastructure assets such as roads and bridges are covered under the National Disaster Funding Arrangement (NDFA). Emergency works are ongoing and condition assessments are underway to determine reconstruction works, with approval required from the funding body prior to reconstruction works commencing. Damage to non-essential infrastructure owned by Council is generally covered under insurance, in addition to resulting business losses. Insurance revenue projections are being updated to reflect anticipated successful claims, with regard given to the \$250,000 excess payable under the policy. Budget forecasts will continue to be revised as scopes of remediation works are received and agreed to.

Council has received support from the State Government Council Flood Support Fund. Following an initial allocation of \$500,000 in October 2022, a further \$500,000 was announced in November. At the time of writing this report, a further \$500,000 had been announced in December bringing the total support fund to \$1.5 million (note the November 2022 report only includes \$1 million). This funding will go towards remediation of assets and recovery activities not covered by NDFA or insurance, such as clean-up of open space and minor infrastructure works such as repairs to the shared path network. This funding goes some way to reducing the financial impact of the flood to Council.

### Capital Works

The 2022/2023 Adopted Budget provided for capital works of \$62.6 million, of which \$41.4 million (66%) is funded by government grants. The November 2022 Projected Full Year capital works forecast is \$62.6 million, of which \$36.4 million (58%) is funded by government grants. Renewal and upgrade expenditure as a percentage of depreciation is forecast to be 136%.

### Balance Sheet

\$29 million was held in investments at the end of November 2022, with an average interest rate of 3.11%. \$286,000 of interest income had been received to date. Sundry debtors outstanding at the end of November 2022 was \$1.47 million with \$954,000 of this amount being more than 61 days overdue. This is due to a \$715,000 invoice to the Federal Government that has since been paid, therefore balances are within normal tolerances. Outstanding rates debtors were \$58.2 million at the end of November 2022 compared to \$48.6 million in the year prior. The reason for this large variance is because Council extended the due date of the second quarterly instalment from November to December 2022, due to the October 2022 Floods.

### Cash Flow

Council's YTD Actual cash position of \$29.6 million is strong compared to the YTD Adopted Budget, mostly due to delays in Capital Works expenditure. Despite incurring unexpected costs due to the October 2022 Floods, Council has not identified any future cash flow concerns.

### Discussions and Questions from the Committee

- The Committee asked about the delay in grants being funded, what was the reason for the delay
  - Officer said that revenue on some projects were subject to the project being completed before funds released
- The Committee asked if grants were quoted for the flood recovery works
  - Officer said that yes money was being received through Operational Grants
- The Committee asked about page 16 of 152 what was the reason for the difference in the actual and current ratio
  - Officer said the forecast was done to the end of September and there was 1.5 million received at the end of November
- The Committee asked about the damage to roads due to the flood, had the repairs been costed as yet
  - Officer replied saying yes a draft report had been done looking at what would be and won't be covered by the Disaster Relief Funding Arrangement and the report would be available in May

### Actions arising from the Committee Meeting

Nil

## 5.4.2 2022/2023 Draft Audit Strategy

Author	Manager Finance and Rates
Approved by	Director Corporate Services
Purpose	For Noting

### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Key Discussion Points

RSD Audit are appointed by the Victorian Auditor-General to undertake the audit of Council's Financial Statements, Performance Statement, Local Roads and Community Infrastructure funding acquittal and Roads to Recovery funding acquittal. RSD Audit have prepared a draft Audit Strategy Memorandum for the financial year ended 30 June 2023, which provides an overview of their proposed approach to the audit of Council. The strategy identifies key aspects and risks for Council's audit and details the impact on their audit approach. The following key risks and areas of audit focus are noted:

#### Financial Statements

- Valuation of property, infrastructure, plant and equipment
- Monetary and non-monetary contributions
- Accounting for government grants
- Reliance on IT systems and third-party service providers

#### Performance Statement

- The performance statement may not be prepared in accordance with applicable legislative requirements

The Audit Strategy Memorandum is still in draft and may be subject to change due to:

- Changes from finalisation of audit planning arising from the review of planning documentation
- VAGO's review of the draft document.

### Discussions and Questions from the Committee

- The Committee asked if Council was intending to rely on the external audit report for the Key risk of material misstatement specifically number 4 on the report : Reliance on IT systems and third party service providers being of High Risk
  - Officer said that they do rely on the report but sometimes the external audit doesn't align with the dates of the internal audit period

### Actions arising from the Committee Meeting

Nil

## 5.5 Environmental Report

### 5.5.1 Climate Change Mitigating Actions Report

Author	Manager Environment
Approved by	Director Sustainable Development
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

#### Key Discussion Points

Sharon was an apology to the meeting, Committee noted report as read and no further questions were required.

#### Discussions and Questions from the Committee

Nil received

#### Actions arising from the Committee Meeting

Nil

## 5.6 Risk Management and Insurance Reports

### 5.6.1 Insurance Claims

Author	Risk & Insurance Advisor
Approved by	Director Corporate Services
Purpose	Information Only

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Council took report as read, verbal progress was given on progress of works/reinstatements.

Risk & Assurance have been working very closely with Council's Insurers and Loss Adjusters over the past two months as Council commences recovery from the floods. The Risk & Assurance team are managing the overall claims process for each of the flood affected assets, along with Building Maintenance, who are coordinating the required works of 25 Council buildings and numerous other sites within the municipality.

- GSCC was the most significantly impacted Council of neighboring councils
- Council has raised approx. \$1M worth of PO's to date
- Council sustained flood damage to approx. 30 buildings+
- All buildings significantly impacted have been:
  - stripped
  - dried
  - received post-remediation verification certification except for the Mooroopna Croquet Club. Temporary facilities to be provided so that asbestos can be removed prior to works progressing.
- Risk & Assurance facilitating repairs/reinstatement works with Building Maintenance
- Responsible Officers to present to ELT with their scope of works and their short, medium and long-term solutions
- Eastbank – works commenced 7 February for reinstatement which was approved by ELT on 1<sup>st</sup> February including minor amendments to the layout.
- Vic Lake Caravan Park
  - Removal of cabins commences today, 8<sup>th</sup> February
  - Large amenity blocks require flooring and are almost complete
  - Office and residence are currently being dried. Delayed due to needing power installed for drying.



- Aquamoves
  - 50m pool has been drained and cleaned, evidence of cracked pipes which requires additional works
  - Underfloor to be inspected. This is currently being arranged.
  - Splashpark has received the post-remediation certification
  - Some of the pumps have been tested, however, one pump is throwing up errors and requires further testing
  - Lane ropes to be replaced in 50m pool.
  - Boilers have been inspected and tested.
- Kidstown
  - All soft fall has been replaced
  - Miniature train rail requires repairs
- MEAC – Alexandra Street
  - Works to be complete by mid-February.
- BMX track
  - Scope of works provided by SML Building Group
  - Geo testing to be conducted
  - AusCycling (UCI) engaged to ensure track is reinstated to the correct standard for competition racing
- Echuca Rd Kindergarten
  - Council has opted for a settlement
  - Waiting on settlement offer
- Princess Park
  - Runners Club and Cricket rooms have been dried, cleaned and have received PRV Certs.
    - Scope of works received. QS was only able to provide a very high-level estimate of the cost to reinstate like for like due to the lack of plans (\$2.2M).
    - Council having plans drawn up to be able to drill down on a more precise figure.
  - Power had been reinstated to all buildings and pumps to operate sprinklers etc. for the reinstatement of the ovals.
    - The switchboard powering the lights around the ovals is on order but they have a 3 month wait due to supply demand.
    - Electrician engaged to look and see if any temporary power options are available to run lights.
    - Vandals cut 3 power boards which had been newly built and supplied along with the 3 phase sub mains cables.
    - This will impact any potential temporary facility plans.
    - High level estimate is \$12K
    - Wait time to be confirmed.
    - PSR exploring options to potentially tap into the Runners Club power. Oval reinstatement continues.

### Discussions and Questions from the Committee

- The Committee asked about the initial communication between Council and outside sources during recent flood event.
  - Acting CEO spoke to the Council's Emergency Management and Recovery Plan currently in place. Emergency Management Victoria took the lead but Council Management, Council and other staff were present 24/7 in different locations including Council offices. When the initial emergency eased staff were then involved at the homeless and recovery centers set up in surrounding areas. These centers were manned by staff and volunteers and proved invaluable. Now we are in the recovery phase and we have set up Committees to step in where needed to

assist in any way possible. Council had also appointed a Committee to assist the Indigenous Community with recovery. It has been a tough time for Council as it is still "business as usual" and we are recovering from a major flood so that has put pressure on resources but overall Council has been pleased with how things are being handled.

- The Committee praised Council on the work they did both during the flood event and also in recovery.
  - Acting CEO said that staff had all learnt a lot and he was also able to impart his personal knowledge from his experience during the NSW floods to staff. During this flood event we shared an Emergency Event Manager with the Moira Shire but we have just been given approval to split for Moira Shire and employ our own Emergency Management Roles and Flood recovery Roles. We had a few challenges being Echuca Road Kindergarten and Princess Park that have been ongoing. The decision was made to close the Kindergarten, research and discussion are still progressing around whether to do a complete rebuild on Princess Park or to complete a temporary fix for now and relocate in the future.
- The Committee asked whether the new positions being created will be on tenure or ongoing.
  - Acting CEO said that these positions will be ongoing as they will be utilised for all emergency events not just floods.

#### Actions arising from the Committee Meeting

Nil

## 5.6.2 Operational Risk Report – High/Extreme

Author	Risk & Insurance Advisor
Approved by	Director Corporate Services
Purpose	For Noting

### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Key Discussion Points

The high operational risk register is presented to the Audit and Risk Management Committee to assist in providing assurance that risks are being managed effectively.

This report encompasses the period 1 April – 31 December 2022.

Council has identified the following high operational risk which is being monitored through regular review, in accordance with its rating:

- OR31117/18 - Unregistered hazardous waste site.

The risk identified remains unchanged since it was last reported on in May 2022.

Councils Emergency Management department are involved in the discussions of this risk with multiple other relevant authorities. It should be noted that despite an incident being deemed unlikely, the consequence of an incident of this size and nature is unlikely to change due to the presence of the highly flammable chemicals stored at the location.

Risk & Assurance will continue to work with the owner of the aforementioned risk to implement further controls where able to do so.

### Discussions and Questions from the Committee

- The Committee suggested that, as the risk involves a number of agencies, the risk should be considered as a Shared Risk

### Actions arising from the for Committee Meeting

- Management to work with the relevant agencies and record the risk as a Shared Risk
- Management to outline each of the Authorities responsibilities in dealing with this risk.

### 5.6.3 Strategic Risk Report – Annual Report February 2023

Author            Team Leader Risk & Assurance  
 Approved by    Director Corporate Services  
 Purpose           For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

The Committee noted the report as read.

#### Discussions and Questions from the Committee

- The Committee asked if there was any additional information out of the CAMMS project that could help with more accurate reporting.
  - Officer replied that they were having issues with CAMMS changing figures and affecting heat maps. Management to utilise CAMMS when issues are fixed.

#### Actions arising from the Committee Meeting

Nil

#### 5.6.4 Project Risks

Author                    Manager Projects Delivery  
 Approved by        Director Infrastructure  
 Purpose                Information Only

##### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

##### Key Discussion Points

The Committee noted the report as read.

##### Discussions and Questions from the Committee

- The Committee noted there were projects listed and rated as a risk but no specific details of the risks were contained within the report.
  - Officer noted to include them in the report
- The Committee asked if the report can consider emerging risks.
  - Officer advised that CAMMS Project was used to control upcoming potential risk and a meeting was held prior to each project to identify the likelihood of any risks.

##### Actions arising from the Committee Meeting

- Manager to provide the Committee with a risk evaluation for the 4 projects looked at and how they are mitigated.

## 5.7 Governance and Compliance Reports

### 5.7.1 Public Interest Disclosure Report

Author	Manager Corporate Governance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Officer provided definition of a Public Interest Disclosure.

A public interest disclosure is a disclosure of information that shows or tends to show (or the person making the disclosure reasonably believes shows or tends to show) that:

- a person, public officer or public body has engaged, is engaging or proposes to engage in improper conduct; or
- a public officer or public body has taken, is taking or proposes to take detrimental action against a person in contravention of section 45 of the Public Interest Disclosures Act 2012.

To date no Public Interest Disclosures have been received by Council in the 2022/2023 reporting period.

#### Discussions and Questions from the Committee

- The Committee asked about the responsibility for PIDs and how often the report could be provided to Committee.
  - Officer advised that herself, Rebecca Good, and 3 other staff members monitored the disclosures and that it could be provided as often as the Committee preferred.

#### Actions arising from the Committee Meeting

- Manager to check current frequency of report and provide report 6 monthly as requested by the Committee.

## 5.7.2 Gift Declarations Report

Author	Manager Corporate Governance
Approved by	Director Corporate Services
Purpose	For Noting

### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Key Discussion Points

In accordance with Sections 49 and 138 of the Local Government Act 2020 (the Act), Council maintains a register of all gifts received by Council Officers and Councilors. These gifts are disclosed and disposed of through the processes set out in the Employee Code of Conduct and the Councilor Gift Policy.

Governance provide an oversight function to these declarations, including the independent assessment of gift values, and monitoring the gift register to identify any instances of the receipt of a disclosable gift (currently a \$500 threshold) which then triggers Conflict of Interest implications for the gift recipient.

Officer noted that all gifts are monitored irrespective of the amount as if there are several gifts received each under \$500 they may total to above which will then trigger the declaration.

### Discussions and Questions from the Committee

- The Committee asked why the number of gifts received had decreased over the past 12 months and was Hospitality considered.
  - Officer advised that Covid may have been a reason as to why the number had decreased and more education around gift giving and its appropriateness.
  - Hospitality was separate as it is harder to put a \$ figure on hospitality.

### Actions arising from the Committee Meeting

Nil

### 5.7.3 Legislative Compliance Report

Author Governance Compliance Officer  
 Approved by Director Corporate Services  
 Purpose For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

This report provides an overview of Council's compliance with the Local Government Act 2020 and other monitored legislation as at 14 October 2022. Of a total of 337 obligations monitored in RelianSys, the senior leadership team have reported compliance with 283 obligations. 54 additional obligations have been assigned but are yet to be assessed. The unassessed obligations have due dates in the future and will be considered in future reports. A random audit of five obligations signed off as compliant by managers found four obligations to be compliant and one to be partially compliant. A small number of self-reported instances of non-compliance with legislation have also been identified.

#### Discussions and Questions from the Committee

The report was taken as read and the Committee had no further questions.

#### Actions arising from the Committee Meeting

Nil



## 5.8 Procurement Report

### 5.8.1 Procurement Compliance

Author	Team Leader Procurement
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Pursuant to Section 54(2)(a) of the *Local Government Act 2020*, Council is to present Council Policies and Procedures to the Audit and Risk Management Committee to enable the Committee to monitor compliance by the organisation. As procurement is a critical function of Council, the following reports are presented to the Audit and Risk Management Committee for review:

1. Purchase Orders raised after Invoice for the 2021/2022 Financial Year; and
2. Details of any non-compliance with public tendering requirements for the last four financial years.

The Purchase Orders Raised after Invoice report is used as a simple indicator of procurement compliance originating from a basic purchasing requirement, that being Purchase Orders must be raised before the invoice is received. The report provides information from the four directorates with additional information supplied for Building Maintenance and Assets. Council has a tolerance level of 5% of the total purchase orders raised (for a period) after an invoice has been received. These figures are prone to fluctuation from month to month, depending on the particular goods and serviced being sourced. The report demonstrates that 11 of the 12 months were all under the 5% level with only the month of January exceeding the 5% tolerance. The Contracts and Procurement Team have analysed the data at a more granular level and identified specific departments and higher volume requisitioners for targeted discussions and additional training. All departments are continually reminded of their purchasing obligations and the basic requirement to raise a Purchase Order before receiving the Invoice.

As part of the Council's Annual reporting obligations, certain instances of non-compliance with the *Local Government Act 2020* (the Act) and Procurement Policy are to be identified. In the last financial year, there were no reported instances of non-compliance with either the *Local Government Act 1989* or Council Policy in relation to this requirement. Reviewing the previous financial years, there was one reported instance of non-compliance in the 2020/2021 financial year, none in 2019/2020 and one in 2018/2019. The reported instances of non-compliance could be categorised as arising from either poor contract management practices or where a ministerial exemption would have otherwise been required. Importantly, the current Procurement Policy attempts to mitigate the chance of non-compliance by providing more purchasing flexibility while still mandating a nominated tender threshold amount. For example, the two noted instances of non-compliance

indicated above would no longer be reportable as the policy specifically provides for these types of scenarios.

#### Discussions and Questions from the Committee

- The Committee enquired as to the types of breaches that occurred and the reason(s) for the increase year on year.
  - Officer said it was mainly contract renewals for office equipment or software. A contract may have expired and a new contract was not yet signed but equipment/software was continuing to be used. There has now been a 6 month grace period written in to the policy to ensure no further breaches will happen.
  - Officer also stated that that a contract can be renewed where a new tender is not required.

#### Actions arising from the Committee Meeting

Nil

## 6 Internal Audit Reports

### 6.1.1 Internal Audits as completed by HLB Mann Judd

Author	Team Leader Risk and Assurance
Approved by	Director Corporate Services
Purpose	For Discussion

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Two audits have been finalised for the reporting period, including:

1. Public Participation & Community Engagement. The primary objective of this audit was to assess design and effectiveness of internal controls embedded in public participation and community engagement processes. The audit overview resulted in:

- The review commencing in November 2021
- Draft report received June 2022
- Draft report distributed to management for comment in June 2022
- Management comments received August 2022
- Final report received 10 October 2022.
- Eight recommendations identified for Council's consideration
  - Five medium, and
  - Three low.
- Based on the results, HLB Mann Judd note that Councils processes and systems of public participation and community engagement are in early development stages of maturity. Council is actively working towards enhancing its practices to ensure a more structured and formalised framework.

2. Accounts Payable & Payroll including Data Analytics The purpose of this audit was to assess and evaluate the effectiveness and efficiency of internal controls embedded in financial controls processes.

- Review commenced in February 2022
- Draft report received 10 October 2022
- Draft report distributed to management for comment on 10 October 2022
- Management comments received 9 November 2022
- Final report received 23 December 2022
- Four risks identified
  - All risks rated as medium

Overall, HLB Mann Judd noted that Council has positive aspects of control in both Payroll, and Accounts Payable.

Acting CEO explained the policy for dealing with staff that breach their delegation. If it occurred once then extra training was implemented, if it occurred a second time then the code of conduct and performance management would take place. If it became a further issue then termination would usually be the end result.

#### Discussions and Questions from the Committee

- The Committee asked whether Manager Comments had been updated for financial control on the 2021-2022 Internal Audit Plan.
  - Officer responded yes
- The Committee asked that management ensures that Management Actions are recorded (not just “management agrees”) for all findings, the responsible officer is recorded, the action to be taken and the due date of the action.
- The Committee referred to page 6 of report and asked whether Award Rates were updated.
  - Officer confirmed that they were.
- The Committee asked if there was any evidence of order splitting to bypass delegations.
  - Officer had looked into that and confirmed there was no evidence of occurrence.
- The Committee inquired about the breach of delegation that had occurred.
  - The Acting CEO discussed the breach and explained that it was due to some confusion around accounts paid. Legal advice was sought and it was suggested that Council make sure CEO’s delegation was high enough. The breach was reported to Council immediately.

#### Actions arising from the Committee Meeting

Nil

## 6.2 Publications of Interest, Local Government Reports and Publications Report

### 6.2.1 Local Government Recent Reports and Publications Report – August 2022

Author Team Leader Risk & Assurance  
 Approved by Director Corporate Services  
 Purpose For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

The Local Government Sector Recent Reports and Publications report provides an overview on topical issues to the Audit and Risk Management Committee (Committee) that are specific to the local government sector.

This report focuses on:

- Legislation including amendments to specific Acts
- Completed audits and investigations conducted by various agencies
- Victorian publications tabled within previous 3 months
- Victorian publications planned for the next 12 months
- Publications by other audit officers tabled within the previous 3 months
- Better practice frameworks, guidelines and articles
- Recent Victorian media releases from Office of the Premier; and
- Recent HLB Mann Judd newsletters and publications.

This report is presented by Council's internal auditors, HLB Mann Judd

Committee report taken as read.

#### Discussions and Questions from the Committee

Nil

#### Actions arising from the Committee Meeting

Nil

## 6.3 Review Audit Approach with Internal Auditors

### 6.3.1 Review Audit Approach with Internal Auditors

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Committee to meet with internal auditors in an out of camera session.

#### Discussions and Questions from the Committee

Nil

#### Actions arising from the Committee Meeting

Nil

## 7 ARMC Planning and Reporting

### 7.1 ARMC Meeting Dates for Following Year

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Decision

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

In accordance with the Audit and Risk Management Committee's Charter, the Committee is to meet a minimum of five times a year, including a defined meeting held in September of each year focusing on the draft Financial and Performance Statements.

The purpose of the report is to establish the schedule of meetings for 2023.

The proposed dates are:

- 8 February 2023;
- 10 May 2023;
- 9 August 2023;
- 6 September 2023; and
- 8 November 2023

The proposed dates for each meeting are the second Wednesday of each month listed above, with the exception of the September meeting which is proposed for the first Wednesday in the month to meet financial reporting legislative requirements.

The proposed times for all meetings are 3pm to 5pm and are to be conducted via the online platform Microsoft Teams.

#### Discussions and Questions from the Committee

- If there is any change to the dates that such requests come through the Chair to advise management of any change

#### Actions arising from the Committee Meeting

- Nil



## **8 General Business**

Nil Received.

## **9 Date of Next Meeting**

**10 May 2023 at 3.00pm**

## **10 Meeting Closure**

**Meeting closed 5:40 pm.**





# MINUTES

Greater Shepparton City Council

## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Thursday 11 May 2023

Virtually

### COMMITTEE MEMBERS

Mr Goran Mitrevski (Chair)

Cr Shane Sali (Mayor)

Cr Anthony Brophy

Mr Vivek Chopra

Mr Stephen Coates

Mr David Kortum

### VISION

#### GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a diverse community and abundant opportunities

**M I N U T E S**  
for the  
**AUDIT AND RISK MANAGEMENT COMMITTEE**  
held on  
**THURSDAY 11 MAY 2023 AT 4:00PM**

**CHAIR**  
**MR GORAN MITREVSKI**

**INDEX**

<b>0.4 PRESENT .....</b>	<b>5</b>
0.4.1 Present.....	5
<b>1 ACKNOWLEDGEMENT .....</b>	<b>5</b>
<b>2 APOLOGIES .....</b>	<b>5</b>
<b>3 DECLARATIONS OF CONFLICT OF INTEREST .....</b>	<b>6</b>
<b>4 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS.....</b>	<b>6</b>
<b>5 OFFICER REPORTS .....</b>	<b>7</b>
5.1 Action Register Report .....	7
5.1.1 Action Register Report - 6 April 2023 .....	7
5.2 CEO Report.....	8
5.2.1 CEO Report .....	8
5.3 Finance Report.....	10
5.3.1 March 2023 Monthly Financial Report .....	10
5.3.2 2022/2023 Interim Audit - Draft Management Letter .....	12
5.4 Risk Management and Insurance Reports .....	13
5.4.1 October Flood Recovery Report .....	13
5.4.2 Operational Risk Report - High/Extreme .....	15
5.4.3 Audit Item Status Report.....	16
5.4.4 Project Risks.....	19
5.5 Governance and Compliance Report .....	21
5.5.1 Compliance Review Report .....	21
5.6.1 Disaster Recovery Report.....	22
<b>6 INTERNAL AUDIT .....</b>	<b>24</b>
6.1 Review Audit Approach with Internal Auditors .....	24
6.1.1 Contract 2273 - Provision of Internal Audit Services - Update .....	24
<b>7 ARMC PLANNING AND REPORTING .....</b>	<b>26</b>
7.1 Audit and Risk Biannual Report - Committee Chair .....	26
<b>8 GENERAL BUSINESS .....</b>	<b>29</b>
<b>9 DATE OF NEXT MEETING .....</b>	<b>29</b>



9.1 Date of Next Meeting.....	29
<b>10 MEETING CLOSURE .....</b>	<b>29</b>
10.1 Meeting close .....	29

## Risk Matrix

### Risk Level Matrix Legend

**Note:** A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.

Likelihood	Consequences				
	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
<b>Almost Certain (5)</b> Would be expected to occur in most circumstances (daily/weekly)	LOW	MEDIUM	HIGH	EXTREME	EXTREME
<b>Likely (4)</b> Could probably occur in most circumstances (i.e. Monthly)	LOW	MEDIUM	MEDIUM	HIGH	EXTREME
<b>Possible (3)</b> Reasonable probability that it could occur (i.e. over 12 months)	LOW	LOW	MEDIUM	HIGH	HIGH
<b>Unlikely (2)</b> It is not expected to occur (i.e. 2-5 years)	LOW	LOW	LOW	MEDIUM	HIGH
<b>Rare (1)</b> May occur only in exceptional circumstances (i.e. within 10 years)	LOW	LOW	LOW	MEDIUM	HIGH

<b>Extreme</b>	<b>Intolerable – Immediate action is required to mitigate this risk to an acceptable level. Event/Project/Activity is not to proceed without authorisation</b>
<b>High</b>	<b>Intolerable – Attention is needed to treat risk.</b>
<b>Medium</b>	<b>Variable – May be willing to accept the risk in conjunction with monitoring and controls</b>
<b>Low</b>	<b>Tolerable – Managed by routine procedures</b>

## Present

### **Committee Members**

- Goran Mitrevski (Chair)
- David Kortum
- Vivek Chopra
- Stephen Coates
- Cr Shane Sali (Mayor)
- Cr Anthony Brophy (Deputy Mayor)

### **Council Officers**

- Peter Harriot - Chief Executive Officer
- Chris Teitzel - Director Corporate Services
- Claire Barnes - Manager Finance and Rates
- Hannah Shelton - Team Leader - Financial Analysis
- Jodie Sessions - Team Leader Risk & Assurance
- Kelli Halden - Manager Projects
- Nicole Pretty - Manager Information and Communication Technology
- Molly Willmott - Official Minute Taker

### **External Audit Representatives**

- Mahesh Silva
- Cranos Moyo



## 1 Acknowledgement

We, Greater Shepparton City Council, acknowledge the Yorta Yorta Peoples of the land which now comprises Greater Shepparton, we pay our respect to their tribal elders, we celebrate their continuing culture and we acknowledge the memory of their ancestors.

## 2 Apologies

An apology was received from Rebecca Good.

## 3 Declarations of Conflict of Interest

Nil received.

## 4 Confirmation of Minutes of Previous Meetings

That the minutes of the 8 February 2023 Audit and Risk Management Committee meeting as circulated, be confirmed.

Moved: Stephen Coates  
Seconded: Vivek Chopra

## 5 Officer Reports

### 5.1 Action Register Report

#### 5.1.1 Action Register Report – 6 April 2023

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

Officer advised that all actions from the February ARMC meeting are complete.

#### Discussion and Questions from the Committee

- The Committee requested whether there were any Public Interest Disclosures to note.
  - Jodie confirmed there were none.

#### Actions arising from the Committee Meeting

- Nil

## 5.2 CEO Report

### 5.2.1 CEO Report

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

CEO, Peter Harriott provides a verbal report to the Committee, updating the members on key risks, key council projects, issues or reports that could impact local government, and other items that are of significance in terms of Greater Shepparton City Council, ensuring that the Committee is kept abreast of current, emerging and future issues or risks associated with the Council.

This report is a standing agenda item allowing Peter Harriott the opportunity to provide the Committee with a verbal update on key milestones, issues, incidents or Victorian Auditor General's Office (VAGO) reports that may or may not have a direct impact to Greater Shepparton City Council.

#### Key Discussion Points

Peter Harriott (CEO) provided a verbal update.

- Peter provided an update on the risks related to the Collaborative Waste Tender Contract recently considered by Council.
- Key context as follows:
  - The collaborative tender process was 18 months in total.
  - The panel provided a recommendation to Council on 21 March 2023. The recommended providers were Cleanaway and Western Composting.
  - The collaborative procurement process contained 10 councils and 2 alpine resorts.
  - Council deferred decision until 11 April 2023 by requesting an Additional Council Meeting.
  - On 6 April 2023, Foott Waste canvassed Council and were disqualified from the tender process.
  - On 11 April 2023, Council resolved to abandon the tender process and requested a report on the way forward.
  - On 14 April 2023, Cleanaway issued a Freedom of Information request.
  - A Notice of Motion was received and another Additional Council Meeting was called for 2 May 2023.
  - Shepparton news published a letter to the editor from Cleanaway on 2 May 2023 and was determined to be disqualified for canvassing Council.
  - The Additional Council Meeting proceeded on 2 May 2023.



- The motion to rescind the abandonment lapsed for want of a mover.
- The decision to abandon the tender made on 11 April 2023 stands.
- Peter outlined the risks on a \$75 million contract that was open from 17 March 2023 to 2 May 2023 whereby significant contamination occurred.
- The financial implications include the following:
  - New tender process will involve significant costs including probity and the employment of a project manager.
  - The extension of the current Veolia and Western Composting contracts.
  - Potential litigation including a Freedom of Information request and / or the failure of a Councillor to disclose a Conflict of Interest.
  - Loss of the collaborative tender discount.
- The reputational risks include the following:
  - There is a major change to kerbside collection including the introduction of the glass bin. This has now been delayed 12 months.
  - The proposed frequency change of bins with Veolia will occur, but at a significant cost.
- The likelihood of the above risks occurring is debatable but real.

Peter outlined that this contract exposed Council to high risk in Governance and Procurement and he attended to every aspect to ensure legal compliance. These learnings will be implemented in future procurement and governance practice to ensure the process moving forward is sound and secure.

#### Discussion and Questions from the Committee

- The Committee asked whether the tendering principles applied will assist to increase public reputation. And further, confirmed that we are to maintain Conflict of Interest requirements moving forward.
  - Peter confirmed that a project control group will be established including a legal team, essentially replicating that of Recycling Victoria.
- Will Recycling Victoria assist with this new tendering process?
  - Peter advised no as this is a new group and they already put significant resources behind the abandoned tender. Further, Recycling Victoria is more of a regulatory body.

#### Actions arising from the Committee Meeting

- Nil

## 5.3 Finance Report

### 5.3.1 March 2023 Monthly Financial report

Author	Team Leader – Financial Analysis
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

The Finance Report provides information on Greater Shepparton City Council's (Council) financial performance compared to Adopted Budget. This report incorporates information from the March 2023 Monthly Finance Report (as at 31 March 2023)

#### Key Discussion Points

As at March 2023 the Adjusted Underlying Deficit was sitting at \$19.4m, in April 2023 this is sitting at \$19.1m, therefore remaining relatively steady.

A portion of Financial Assistance Grant provided to Council last year in the form of approx. \$11m was paid to Council early which positively impacted last year, but is negatively impacting this year.

There are a number of others factors negatively impacting Councils' current financial position including the following:

- \$2.3m in non-Council works
- Inflation
- Increasing cost of insurance
- Natural disasters
- Two zero percent rate rises over the last two financial years

The 2023/2024 Draft Budget is projecting a \$4.1m deficit. Council is focused on increasing income, decreasing expenditure and reviewing services to align with the targets in the adopted 2021-2031 Financial Plan.

Debt recovery is tracking behind due Council not issuing final notices during COVID and the October flood event. Final notices have now been issued but there are some legislative changes coming that will affect the recovery process. The Committee will be advised accordingly.

Update on October flood event:

- The insurance excess to Council is \$250k.
- Current estimated cost to Council of \$1.1m in the Natural Disaster Recovery Framework, however this estimate is evolving.
- Council will receive a \$1.5m funding from the State Government under the Council Flood Support Fund. Further funding for recovery hubs and community recovery officers is also on the way.

#### Discussion and Questions from the Committee

- The Committee asked why the year to date accounting surplus was down \$30m on Adopted Budget and queried why there are delays.
  - Claire advised that this is due to deferral of a number of large capital works projects into future years due to a pause placed on funding from RRV. In addition, commissioning of contributed assets is lagging, but now a priority on the recently appointed Asset Accountant.
- The Committee asked whether revaluation calculations are on track.
  - Claire confirmed yes, working to meet auditor's request of mid-June. Intend on returning to normal schedule next year.
- The Committee asked whether we know what the bottom line number from the floods is.
  - Claire advised that this is an evolving number however; early figures are at \$1.1m under NDFA plus insurance excess at \$250k.
- The Committee asked whether it was difficult confirming asset condition changes due to the flood.
  - Claire confirmed that Council engaged IMG to undertake a condition assessment of flood impacted roads, with this data being compared against most recent condition data (2021).

#### Actions arising from the Committee Meeting

- Claire to provide the Committee a summary of the financial impact of the October 2022 flood event at the August 2023 meeting.

### 5.3.2 2022/2023 Interim Audit – Draft Management Letter

Author                    Manager – Finance and Rates  
 Approved by         Director Corporate Services  
 Purpose                For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Key Discussion Points

No new issues from review. There has been notable progress with previous matters, 3 are partially resolved, 5 outstanding and 1 matter resolved.

#### Discussion and Questions from the Committee

- The Committee requested whether the auditors were concerned on the long wait times for outstanding matters to be resolved, ranging between 6 to 12 months.
  - Auditors advised that these are within the expected time lines and there are no concerns.
- The Committee requested an assessment on central aid from VAGO and whether the essential 8 should be implemented.
  - Auditors are not aware of the expectation and there is no formal target.

#### Actions arising from the Committee Meeting

- Forward the final Draft Management Letter to the Committee.

## 5.4 Risk Management and Insurance Reports

### 5.4.1 October Flood Recovery Report

Author	Risk & Insurance Advisor
Approved by	Director Corporate Services
Purpose	Information Only

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

##### October Flood Recovery

Risk & Assurance have continued to work very closely with Council's Insurers and Loss Adjusters over the past 6 months as Council recovers from the floods.

The Risk & Assurance team are managing the overall claims process for each of the flood affected assets, along with Building Maintenance, who are coordinating the required works of 35 Council buildings and numerous other sites within the municipality.

#### Key Discussion Points

Council has reinstated five flood affected facilities with another five ready to be reinstated. There are currently four properties being assessed.

Purchase orders from flood works are currently sitting at approximately \$3.5m.

#### Discussion and Questions from the Committee

- The Committee asked whether the four properties being assessed are to be reinstated.
  - Jodie advised that the cost to reinstate will be presented to ELT for consideration.

#### Actions arising from the Committee Meeting

- Nil.

Claire Barnes left the meeting at 4:49pm

Hannah Shelton left the meeting at 4:49pm.

## 5.4.2 Operational Risk Report – High/Extreme

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Report

The Operational Risk report, presented to the Audit and Risk Management Committee focuses on Councils high and extreme residual risks, providing assurance to the Committee that Council is managing the risk effectively.

### Key Discussion Points

Nil - report taken as read.

### Discussion and Questions from the Committee

OR311 - Unregistered hazardous waste site - SHARED RISK

- The Committee queried why this risk has been on Council's register for so long and has not progressed.
  - Chris advised this is due to jurisdictional restrictions. The appropriate agency to take action here is the State Government.
- The Committee queried whether the chemicals can be removed.
  - Chris confirmed Council does not hold any powers here and cannot remove the chemicals.

### Actions arising from the Committee Meeting

- The Committee requested that the OR311 risk be assessed as a risk to respond to a fall out, not to remove the hazard.
- The Committee requested a revision of the risks in preparation for the next meeting.

Jodie left the meeting at 4:58pm.

Stephen left the meeting at 4:58pm.

Cr Sali and Cr Brophy left the meeting at 4:58pm.

Jodie returned to the meeting at 4:59pm.

### 5.4.3 Audit Item Status Report

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Discussion

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

The Audit and Risk Management Committee's Annual Work Program identifies that Council is to report on the Overdue Audit Items on a quarterly basis.

Providing the report on a quarterly basis provides assurance to the Committee that the overdue audit items are being addressed by Council and actioned in a timely manner.

The purpose of this report is to provide the Committee with oversight on the timeliness of which audit recommendations are completed within the agreed timeframes.

#### Key Discussion Points

There is currently one overdue item. The officer met with the Manager responsible to identify four risks and will seek approval via ELT to add these to the system. The ratings on these risks are likely to be low to medium.

#### Discussion and Questions from the Committee

- The Committee requested an update on why extensions are being requested and why there are delays.
  - Jodie advised she is aware of the delays and that there are affected resources. These overdue items are sitting with Bec Good.
- The Committee requested update on Risk Strategy.
  - Jodie advised that there has been a lot of work done on the strategy but apologized for delay.
- The Committee requested update on training.
  - Jodie confirmed there are two options, an internal training package and an external option for training the whole organisation.

#### Actions arising from the Committee Meeting

- Nil.

#### 5.4.4 Project Risks

Author            Manager Projects Delivery  
 Approved by    Director Infrastructure  
 Purpose         Information Only

##### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

##### Report

To comply with the Risk Management Policy, Council is required to present high and extreme project risks for four major projects quarterly to the Audit and Risk Management Committee.

##### Key Discussion Points

The Wyndham railway intersection contains a variation whereby a 40kmph speed limit is to be introduced. Officer noted that we are coming to the end of this year's program.

##### Discussion and Questions from the Committee

- The Committee requested advice as to whether there could be more work done on risk management.

##### Actions arising from the Committee Meeting

- Kelli to place more controls into the summary report.



## 5.5 Governance and Compliance Report

### 5.5.1 Compliance Review Report

Author            Team Leader Risk & Assurance  
 Approved by    Director Corporate Services  
 Purpose         For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

As part of the Audit and Risk Management Committee Annual Work Program, the Risk & Assurance team were conducting compliance reviews on Councils policies and procedures and presenting the findings of these reviews to the Committee.

#### Key Discussion Points

The review is no longer being presented to the committee due to staffing changes.

#### Discussion and Questions from the Committee

- The Committee asked whether there was a risk assessment done in relation to this decision.
  - Chris advised that there was no risk assessment conducted, however internal auditing exposes this activity.
- The Committee asked whether the compliance framework is adhered to.
  - Chris advised that there is no framework documented, however legislative compliance is monitored and policies are monitored by the owner and reported on.
- The Committee asked whether there are any other mechanisms in place as a second line of defence.
  - Chris advised that the OH&S team and external resourcing can be pulled together if required.

#### Actions arising from the Committee Meeting

- Nil.

## 5.6 Information, Communication & Technology Report

### 5.6.1 Disaster Recovery Report

Author	Manager - Information and Communication Technology
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

##### RPO & RTO updates

In the previous report to ARMC an update was provided in relation to RPO and RTO acceptable times for 10 Critical Business Functions. Three of these did not meet the recommended and tested parameters of an RPO of 1 hour and RTO of 8 Hours. ICT Manager has met with the managers of these three Critical Business Functions.

#### Key Discussion Points

From the last report, there were three critical functions identified. Officer met with Managers to adjust controls to confirm compliance. Reasonable work-arounds have been identified.

Air fibre link from Welsford Street to DRC has been prepared. A test involving cutting the dark fibre and diverting to air fibre was conducted after hours. This resulted in slow processing speeds and would affect BAU.

#### Discussion and Questions from the Committee

The Committee asked whether there is a target level for Council.

- Nicole advised that the MAV are at level 1 and there is no requirement to be at this standard.

#### Actions arising from the Committee Meeting

- Nil

## 6 Internal Audit

### 6.1.1 Contract 2273 - Provision of Internal Audit Services - Update

Author	Team Leader Risk & Assurance
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

HLB Mann Judd were awarded Contract 1983 for the provision of Internal Audit Services for the period January 2020 to January 2023. This Contract has now expired, and Council is now tendering for a new contract, Contract 2273 – Provision of Internal Audit Services.

Contract 2273 has been advertised, and the Panel is currently undertaking the evaluation process.

Council is hopeful that the successful tender will be appointed in May 2023.

#### Key Discussion Points

A moderator meeting was conducted within the week commencing 8 May 2023.

#### Discussion and Questions from the Committee

The Committee requested when it would receive the audit plan.

- Jodie advised the committee would have a draft plan by August.
- Chris confirmed that the final report would be with the committee prior to 30 June 2023 for the auditors to commence works from 1 July 2023.

#### Actions arising from the Committee Meeting

- Nil.

## 7 ARMC Planning and Reporting

### 7.1 Audit and Risk Biannual Report – Committee Chair

Author	Chair - Audit and Risk Management Committee
Approved by	Director Corporate Services
Purpose	For Noting

#### Disclosures of Conflict of Interest in Relation to this Report

Under section 130 of the *Local Government Act 2020* officers, delegates and persons engaged under a contract providing advice to Council must disclose any conflicts of interests.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Report

The Greater Shepparton City Council (Council) established the Audit & Risk Management Committee (The Committee) pursuant to Section 53 of the Local Government Act 2020 (the Act).

The Committee's role is to support Council in its oversight of financial and performance reporting, fraud prevention and risk management, through sound internal controls and assurance activities such as compliance reviews, internal and external audits. Council's review and audit programs are to be established to ensure compliance with its policies and legislative requirements.

#### Key Discussion Points

Nil

#### Discussion and Questions from the Committee

Nil

#### Actions arising from the Committee Meeting

- Nil.



## **8 General Business**

Nil Received.

## **9 Date of Next Meeting**

9 August 2023 at 3pm by Microsoft Teams.

## **10 Meeting Closure**

Meeting closed at 5:36pm.