

# MINUTES

Greater Shepparton City Council

## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Wednesday 11 August 2021

Virtually by Zoom

### COMMITTEE MEMBERS

Mr Goran Mitrevski (Chair)

Mr David Kortum

Mr Vivek Chopra

Mr Stephen Coates

Cr Kim O'Keeffe (Mayor)

Cr Rob Priestly (Deputy Mayor)

### VISION

#### GREATER SHEPPARTON, GREATER FUTURE

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

**MINUTES**  
for the  
**AUDIT AND RISK MANAGEMENT COMMITTEE**  
held on  
**WEDNESDAY 11 AUGUST 2021 AT 4:00PM**

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

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**Attendees:****Committee Members**

- Goran Mitrevski (Chair)
- David Kortum
- Stephen Coates
- Vivek Chopra
- Cr Kim O'Keeffe (Mayor)
- Cr Rob Priestly (Deputy Mayor)

**Council Officers**

- Peter Harriott - CEO
- Chris Teitzel – Director Corporate Services
- Darryl Hancock – Manager Corporate Governance
- Matthew Jarvis – Manager Finance & Rates
- Hannah Shelton – Senior Financial Analyst
- Karen Liversidge – Manager People & Development
- Marie Barbance – Team Leader OH&S
- Jodie Sessions – Team Leader Risk & Assurance
- Susan Walker – Assurance & Continuity Officer (Minute Taker)
- Kelli Halden – Team Leader Project Office Management
- Phil Hoare – Director Infrastructure

**Internal Audit Representatives**

- Kapil Kukreja
- Kundai Mtsambiwa

## 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

Nil

## 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 report have declared a conflict of interest regarding the matter under consideration.

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

## 4 Confirmation of Minutes of Previous Meetings

### RECOMMENDATION

That the minutes of the 9 June 2021 Audit and Risk Management Committee meeting as circulated, be confirmed.

## 5 Action Register

### 5.1 Action Register

#### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the Action Register report.**

#### Executive Summary

The action register monitors actions assigned from Audit and Risk Management Committee meetings providing transparency and oversight of the actionable items.

As at 1 July 2021, 5 items are due to be reported at the 11 August ARMC meeting. These include:

- Manager Finance & Rates to provide an overview to the Committee advising how Council controls finance on projects;
- Team Leader OH&S to provide trending analysis in reports to the Committee to include: number of employee incidents and claims;
- Team Leader OH&S to provide actions in future reports advising what controls have been put in place to minimise reported incidents of motor vehicle and childcare / early years.
- Manager Projects to provide Committee with overarching project risk register to include: timeframes of projects, when risks are actioned and when those actions become overdue; and
- Team Leader Contracts & Procurement to identify whether incidences and dollar amounts can be included in future reports.

#### Discussion and Questions from the Committee

- Manager Finance & Rates provided an update on the financial controls of projects.
- Manager People and Development and Team Leader OH&S were unavailable to respond to question with regards to the OHS actions.
- Improvements will be made to the Procurement reports presented to the ARMC in November 2021.

#### Actions arising from the Committee meeting

1. OH&S to provide an update at the November 2021 meeting.
2. Action relating to the Procurement reports to remain on the action list until presented to the ARMC in November 2021.

## 6 Review and Monitor Compliance of Council's Polices/Procedures including Registers

### 6.1 Compliance with Local Government Act

#### COMMITTEE RECOMMENDATION

That the Audit & Risk Management Committee noted the Legislative Compliance Report as of 30 June 2021.

#### Executive Summary

This report provides an overview of Council's compliance with the *Local Government Act 2020* (Vic) and other monitored legislation.

Of a total of 354 obligations, Council officers have reported compliance with 299 obligations, 55 obligations yet to be assessed.

#### Discussion and Questions from the Committee

- That the Committee noted Council's legislative compliance obligations contained in this report.
- The Committee initiated discussion on the software platform that Council uses to monitor the legislation and how it is determined what legislation will be monitored and reported on.
  - Reliansys is the software platform that Council uses to monitor and track compliance to legislation.
  - Reliansys provides Council with a list of available legislation, Council determines which legislation it will include on the monitoring platform.
  - The latest legislation included on the monitoring platform was the Gender Equity Act.
- The Manager Corporate Governance advised that ongoing improvements to monitoring and reporting from Reliansys are continuing.
- Reporting indicates that Council maintains a high compliance rate of assessed obligations.

#### Actions arising from the Committee meeting

Nil

## 6.2 High Operational Risks Report

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee noted the high operational risk report.

### Executive Summary

The high operational risk register is presented to the Executive Leadership Team and the Audit and Risk Management Committee on a quarterly basis to assist in providing assurance that risks are being managed effectively.

For this reporting period, the risks identified were:

- 0 extreme;
- 3 high; and
- 0 overdue risk actions.

During the last financial year, Risk & Assurance conducted an operational risk review. This included meeting with all departments across Council to discuss the relevance of the current content, rating reviews and ensuring the current controls are being managed effectively. Risks that were no longer relevant were made inactive as well as adding new emerging risks that needed to be monitored.

### Discussion and Questions from the Committee

- The committee recommended that operational risks OR27317/18 and OR30817/18 should be revised with consideration for reducing the risk level from high to medium due to the current controls in place for each risk.

### Actions arising from the Committee meeting

1. OR27317/18 – review of risk assessment to be undertaken.
2. OR30817/18 – review of risk assessment to be undertaken.



## 7 Review and Monitor Risk Management, OH&S, Fraud, Business Continuity and Internal Controls

### 7.1 CEO Report

#### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the verbal CEO report from Peter Harriott.

#### Executive Summary

Peter Harriott reported on the following items.

1. Preparation for State and Federal funding allocations including road, rail, education and hospital being main considerations;
2. Council Plan;
3. COVID impacts on budgeting and financial planning;
4. Maude Street redevelopment works:
  - o tenders have closed;
  - o risks include tendering within budget, deliverables, and effects on local businesses.
5. Cosgrove 3, Cell 2:
  - a. lack of airspace;
  - b. contract awarded to reputable tenderer;
  - c. working with EPA; and
  - d. Waste Strategy.
6. Riverlinks Café:
  - a. risk to Council for taking on in-house, however café providing high standards and receiving a good reputation.
7. SAM Café:
  - a. grand opening 15 October 2021;
  - b. tender went out a couple of times to lease café without success; and
  - c. Council agreed to put someone in the café due to a lack of interest to reduce the financial and political risk.
8. Mental Health:
  - a. remains a priority across Council with the recent tragic event affecting Council staff; and
  - b. importance of checking in on staff and their welfare.

#### Discussion and Questions from the Committee

Nil.

#### Actions arising from the Committee meeting

Nil.

## 7.2 OH&S Risk Report

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the attached OHS Risk report.**

### Executive Summary

There are certain activities at Greater Shepparton City Council that pose a specific or significant risk under occupational health and safety. These risks need to be managed in accordance with the following:

- Occupational Health and Safety Act 2004 (Victoria)
- Occupational Health and Safety Regulations 2007
- The new Occupational Health and Safety Regulations 2017
- Regulations Codes of Practice
- Industry Standards

Council will ensure compliance with the Acts, Regulations and all statutory requirements in regard to codes of practice and standards, as the minimum acceptable level. Council will make every reasonable effort to provide a safe working culture and working environment that minimises the risks of injury, ill health, or damage to property. This will be achieved through:

- Integrated workplace policies and procedures;
- Clear systems of responsibility and accountability;
- The provision of information, instruction, training, and supervision of Employees and contractors to ensure safe work practices;
- Consulting regularly with Employees on health and safety issues that affect them;
- Continually identifying, assessing and controlling possible risks and hazards;
- Providing safe plant, equipment, resources and systems, including emergency preparation and response;
- Addressing and investigating issues and incidents, promptly, efficiently and effectively;
- Assisting injured workers to return to work as soon as possible;
- Reporting and recording all workplace incidents; and
- Monitoring, evaluating and improving health, safety and wellbeing management systems.

### Discussion and Questions from the Committee

- OH&S team developing high risk matrix with the inclusion of managing contractors and monitoring of alcohol and other drugs screenings.
- The Committee asked whether headings were missing from the MySafety table provided in the report.
- The Committee asked Council's view on a vaccination policy.
  - Management advised that Council has an immunisation policy in place for Children's Services (No Jab No Pay).
  - Policy for flu and COVID not mandated.
  - Council is working with Local Government Victoria seeking legal and union complications of this type of policy.

- Vaccinations promoted in partnership with GV Health.
- Committee asked whether workplace manslaughter obligations / legislative requirements will be reported on in Legislative Compliance report.
  - Management advised that discussions are being held.

### Actions arising from the Committee meeting

1. OHS to address the missing heading fields in the MySafety table.

## 7.3 OH&S and WorkCover Report

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee noted the attached OH&S and WorkCover report.

### Executive Summary

The attached report is a summary of incidents and activities resulting from the last six months within GSCC.

Formatting and content of previous OHS reporting has now been amended to provide more emphasis on proactive actions within the organisation to ensure compliance with the OHS Act 2004 and Workers Rehabilitation Act 2013. A summary of the report is as follows:

- Number of Incidents reported (including Incidents, Hazards and Near Misses) broken down by directorate;
- Number of Notifiable Incidents reported to WorkSafe and Entry Reports – with resulting actions;
- Update of Alcohol and Other Drug testing program;
- Update on estimated WorkCover Premium for 2021/2022;
- Results of Work Healthy Australia program for Recruitment, Fitness for Duties and Return to Work; and
- Any changes in relevant legislation.

### Discussion and Questions from the Committee

- The Committee asked about the occupational violence exposure.
  - Management advised of an internal verbal altercation between 2 staff members and is being managed appropriately.
- The Committee asked about how PPE for eye safety is managed and who makes the call as to when it's needed.
  - Question taken on notice for November meeting.

### Actions arising from the Committee meeting

1. OHS to provide an overview of eye safety management and who decides when it's needed.

## 7.4 Insurance Claims Report - 1 April to 30 June 2021

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the Insurance Claims Report for period 1 April to 30 June 2021.**

### Executive Summary

The Insurance Claims report is provided to the Audit and Risk Management Committee for quarterly review noting the following reportable incidents.

- Council settled 2 claims for compensation this quarter totalling \$730.00.
- One personal injury claim was received from a lady who allegedly tripped on a sunken section of Council's footpath also containing a Telstra pit.
  - Recommended to settle this claim by Council's claims assessor;
- One motor vehicle incident occurred this quarter;
- Vandalism continues to be the main contributor to Council's property claims; and
- A storm that went through the municipality in June caused over \$16k worth of damage.

The Risk & Assurance team continue to liaise with relevant departments to assist with mitigating risk and public liability claims.

### Discussion and Questions from the Committee

- The Committee asked who makes the decision on smaller claims to settle.
  - Management advised that Echelon, independent of Council advises settlements of claims.
- The Committee asked whether there was a conflict of interest with Risk & Assurance handling such claims.
  - Management advised that the Risk & Assurance team manage the claim on behalf of Council, however, claims are independently reviewed and assessed by Echelon.
- The Committee asked why and who reviews the Significant Incident Analysis reports.
  - Management advised that a number of years ago a recommendation was provided to Council to undertake an analysis of all claims \$5k and over to provide assurance that additional mitigating actions have been implemented to prevent such incidents from occurring in the future.

### Actions arising from the Committee meeting

Nil.

## 7.5 Project Risk Report - 4 Major Projects

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the Project Risk Report.**

### Executive Summary

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.

The Manager Projects will provide a verbal update on four major projects that Council are currently undertaking as listed below:

1. Wyndham and Fitzjohn Streets intersection upgrade;
2. Maude Street – Vaughan to High Street, Stages 3 and 4;
3. Maude Street Mall redevelopment; and
4. Cosgrove 3 Landfill, Cell 2 construction

### Discussion and Questions from the Committee

Nil.

### Actions arising from the Committee meeting

Nil.

## 7.6 Fraud/Corruption Report

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee:

1. noted the Fraud and Corruption Control Policy that was adopted by Council on 15 June 2021;
2. noted the Fraud and Corruption Control Procedure adopted by the CEO and Executive on 7 April 2021.
3. noted that there were no reported incidences of fraud or corruption in the 2020/2021 Financial Year.

### Executive Summary

Council's Fraud and Corruption Control Policy (Policy) is reviewed every 3 years and was due for review in October 2020. The Policy was first adopted on 15 May 2018 with reviews to be undertaken sooner, if required, in response to changes in legislation or the organisation's processes.

The key changes to the Policy are:

- The name of the policy changed from Fraud and Corruption Policy to the Fraud and Corruption Control Policy.
- A new section added relating to Civil Action for recovery and losses (as per the internal audit recommendations).

The procedure relating to Fraud and Corruption Control Policy have also been updated to provide clear process for reporting and investigation of any potential instances.

There were no reported incidences of fraud or corruption in the 2020/2021 Financial Year.

### Discussion and Questions from the Committee

- The Committee asked whether a change had occurred with the Gifts and Benefits Register.
  - Management advised that declaration of gifts and conflicts of interest have been reviewed and updated since the implementation of the Local Government Act 2020.
  - A new Gift Policy was introduced under the LGA 2020 legislative requirements.
  - Councillors are proactive around Gifts and Benefits and declaring a conflict of interest.
- The Committee asked what the documented process is for instances where potential fraud or corruption is committed by the CEO or Director.
  - In the instance where a Director commits fraud/corruption, disclosure can be made to the Public Interest Disclosure Coordinator (PIDC).
  - If the CEO has committed fraud/corruption it should be reported to the Mayor in the first instance.

- The Committee asked whether the new fraud and corruption standards had been considered in the policy.
  - Management advised that a Fraud and Corruption Control Framework audit took place in early 2021 and that the policy was updated in accordance with AS 8001-2008 Fraud and Corruption.
- The Committee advised that there were new Australian Standards implemented for fraud and corruption in June 2021.

#### Actions arising from the Committee meeting

1. The new AS 8001-2021 Fraud and Corruption Standard be incorporated into the Fraud and Corruption Control Policy.
2. That the Committee be provided with conformation on the process for reporting of Protected Interest Disclosures, including when a Senior Council Officer is the person suspected of committing the offence.



## 7.7 Disaster Recovery Plan Report

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee accepted the Disaster Recovery Plan report describing the current status of ICT the Disaster Recovery system.

### Executive Summary

The Audit and Risk Management Committee requested a regular update as to the status of Council's Disaster Recovery capability. This report simply provides that status update.

### Discussion and Questions from the Committee

- The Committee asked that, based on the testing performed and report provided, the consultant (that conducted the testing) provide a rating for our cyber preparedness and benchmark the rating with other organisations within the same sector or other sectors. This will enable us to understand where we stand currently and if we need to improve further.
  - Management advised that they would follow-up with the Manager ICT to obtain this information.

### Actions arising from the Committee meeting

1. Council to obtain benchmarking data from the consultant in relation to testing of the Disaster Recovery Plan (DRP) and outline how Council is positioned, including any improvements for Council to make.

## 8 Oversee Internal Audit Functions

### 8.1 Overdue Audit Actions Report - 1 April to 30 June 2021

#### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee noted the Overdue Audit Actions report.

#### Executive Summary

The Risk and Assurance team are to present a report on the status of overdue audit items to the Executive Leadership Team on a quarterly basis to provide assurance that the audit items are being actioned in a timely manner.

If the audit items have not been completed by the recommended due date, then the item will remain as overdue until fully completed by the assigned responsible officer.

Supporting evidence of the audit item deemed to be complete must be provided to the Risk & Assurance team providing confirmation the item has been completed.

The following is an overview of the current overdue items and the actions taken since the previous report:

- 11 audit items are now reported as being overdue, all of which are rated medium;
- 5 audit items were actioned and completed in the last reporting period; and
- Majority of these audit items had a due date of 30 June 2021.

The Risk and Assurance team continue to follow-up and assist the responsible officers with actioning their overdue audit items on a monthly basis.

One of the things the Risk & Assurance team is focussing on with the responsible officers is making sure that only the wording in a particular recommendation is complete rather than assuming additional work needs to be done to complete that recommended action.

#### Discussion and Questions from the Committee

- The Committee noted that a 'not started' status of a recommendation was in the report.
  - Management advised that this is something that the Risk & Assurance team are working with Responsible Officers to ensure doesn't occur in future reports.
- The Committee offered to share a table to assist with overdue and outstanding audit items.

#### Actions arising from the Committee meeting

1. The Committee Chair to send the suggested table to Council to assist in monitoring overdue and outstanding audit recommendations.

## 8.2 Status Update of Internal Audits July 2021 - Internal Auditors

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee noted the Status Update on Internal Audits report presented by HLB Mann Judd.

### Executive Summary

The purpose of this report is for HLB Mann Judd to provide an update on the progress of audits that have been completed and in progress.

To date, 4 audits have been completed with 2 currently awaiting management comments.

#### Completed audits include:

1. Risk Culture including awareness survey and benchmarking;
2. Occupational Health and Safety;
3. Fraud Corruption and Control Framework; and
4. Follow-up review.

#### In progress audits include:

1. Waste Management and Planning including landfill management; and
2. Procurement and Probity review.

The Waste Management and Planning audit is awaiting draft management comments before final sign-off from their respective manager.

The Procurement and Probity audit had not been finalised in the reporting period by HLB Mann Judd.

### Discussion and Questions from the Committee

- HLB Mann Judd advised the Committee that the Waste Management and Planning audit had been finalised and will be presented at the November meeting.
- The Procurement & Probity audit is in its final stages of being drafted and will be submitted to Council for management comment.

### Actions arising from the Committee meeting

Nil.

## 8.3 Strategic Internal Audit Plan Report - Internal Auditors

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee approved the proposed changes to the 2021/2022 internal audit plan.**

### Executive Summary

Council's internal auditor HLB Mann Judd have prepared an internal audit plan for the next 12 months for the 2021/2022 year.

The audits proposed to be undertaken for this period include:

1. IT General Controls;
2. Financial Controls (Accounts Payable and Payroll) including data interrogation;
3. Public Participation and Community Engagement;
4. Emerging Issue (to be determined during the course of the year); and
5. Follow-up review.

According to the internal audit plan, the total number of hours to undertake the above audits is expected to be 530, which also includes the development and administration of the internal audit program and attendance at the Audit and Risk Management Committee meetings.

The first internal audit to be undertaken for 2021/2022 will be the IT General Controls review anticipated to commence 20 September 2021.

### Discussion and Questions from the Committee

- HLB Mann Judd advised the Committee of the purpose of the strategic internal audit plan, to ensure the content is current to reflect the work to be undertaken in 2021/2022.
- The Service Planning review has been deferred until 2022/2023.
- The Committee asked whether the scope of works for the IT General Controls audit would include traffic lights and cyber-attacks.
  - HLB Mann Judd advised that traffic lights and cyber-attacks do not form part of this review as they are classed as cyber.
- The Committee asked whether exclusions could be documented in the scope of works for IT General Controls.
  - HLB Mann Judd advised that they would provide this in the report.

### Actions arising from the Committee meeting

Nil.

## 8.4 Publications of Interest Report - Internal Auditors

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee noted the Publications of Interest report presented by HLB Mann Judd.

### Executive Summary

The Publications of Interest report provides an overview on topical issues to the Audit and Risk Management Committee that are specific to Local Government.

This particular report focuses on:

- Legislative changes to:
  - Industrial Relations Legislation Amendment Act 2021;
  - Child Wellbeing and Safety (Child Safe Standards Compliance and Enforcement) Amendment Act 2021;
  - Mutual Recognition Amendment Bill 2021;
  - State Taxation and Mental Health Acts Amendment Act 2021;
  - Zero and Low Emission Vehicle Distance-based Charge Act 2021; and
  - Cemeteries and Crematoria Amendment Act 2021 (Vic).

This report also focusses on Royal Commission's, reports completed by the Victorian Auditor General's Office (VAGO) and investigations conducted by IBAC and the Victorian Ombudsman.

The Publications of Interest report is presented to the Committee quarterly.

### Discussion and Questions from the Committee

- HLB Mann Judd advised that zero and low emission vehicles are a topical issue.
  - Management advised that low emissions would affect Council into the future.
- The Committee advised that they would like to see more documents or reports where it could impact Council.

### Actions arising from the Committee meeting

Nil.

## 8.5 Assessment of Overall Effectiveness and Performance of Internal Auditors

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the Assessment of Internal Auditor's Effectiveness and Performance.**

### Executive Summary

It is a requirement under the Audit and Risk Management Charter to review the performance and effectiveness of Council's internal auditor at least annually.

The feedback is designed to assist the internal auditors with areas of improvement to ensure Council are receiving value for money and that the internal audit function is providing value-add to Council.

### Discussion and Questions from the Committee

- The Committee asked why there was a low number of survey respondents.
  - Management advised that the survey was sent out on a number of occasions to those staff who had a direct connection with the internal audits.
- The Committee asked whether Council had a Chief Audit Executive.
  - Management advised that the Manager Corporate Governance and Director Corporate Services oversee internal audit with Directors responsible for their departmental recommendations.
- The Committee asked who was directly responsible for overseeing internal audit.
  - Management advised that the Director Corporate Services is.
- The Committee asked, 'in order for the survey to be effective, what would be the optimum response.
  - It was suggested that 15 would be a good number including responses from ELT and auditees.
- The Committee asked whether exit surveys were conducted after each review.
  - Management advised that they used to be, however, responses were also limited.

### Actions arising from the Committee meeting

1. Surveys should be conducted at the end of each audit, with feedback provided to the internal auditors to ensure any issues are addressed following each meeting.

## 10 Oversee External Reporting

### 10.1 Position Paper - AASB 15 and 1058 Grants Received in Advance

#### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee noted the income received in advanced under AASB 15 and AASB 1058, as at 30 June 2021.**

#### Executive Summary

Under AASB 15 and AASB 1058, Council is required to assess income received, to determine if it should be recognised as income or as a liability at the reporting date.

The Finance Department regularly reviews income to determine the applicability of the standards, which includes determining if a contract includes specific performance obligations and whether or not these obligations have been met.

As at 30 June 2021, Council will recognise \$8,464,077 of income received in advance as a liability. This amount will gradually be recognised as income, as Council satisfies the performance obligations in the contracts.

#### Discussion and Questions from the Committee

- The Committee asked about the lack of a monthly financial report in the papers.
  - Management advised that it was due to timing issues.
- The Committee noted that a monthly financial report was not presented and asked if the most recent report could be distributed.

#### Actions arising from the Committee meeting

1. Council to provide the July financial report to the Committee prior to the 8 September meeting.

## 10.2 Position Paper - AASB 1058 Volunteer Services

### COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee note the recognition of estimated volunteer services required under AASB 1058, as at 30 June 2021, for the 2020/2021 financial year.

### Executive Summary

Council is required by *AASB 1058 Income for Not-for-Profit Entities*, to recognise volunteer services that would otherwise be purchased. 2020/2021 is the second financial year where volunteer services will be recognised in Council's financial statements.

The Finance Department has worked with Managers to identify services that would otherwise be purchased for the 2020/2021 financial year. This has resulted in the recognition of \$142,432 revenue and \$142,432 expense, reflecting a net zero impact on the net result on Council's income statement.

### Discussion and Questions from the Committee

Nil.

### Actions arising from the Committee meeting

Nil.



## 10.3 Cosgrove Landfill Provision and Airspace Asset

### COMMITTEE RECOMMENDATION

**That the Audit and Risk Management Committee note the recognition of the estimated Cosgrove landfill provisions and airspace intangible asset, as at 30 June 2021, for the 2020/2021 financial year.**

### Executive Summary

Accounting for landfills is a technically complex area of accounting, requiring compliance with a number of accounting standards.

Council is required to recognise a provision (liability) for the costs of all rehabilitation, monitoring and aftercare of Cosgrove 2 and 3 for 30 years after the actual or estimated closure of the landfill. These provisions have been calculated using estimations from relevant staff from the Project Management Office and Waste Management team and are reviewed annually.

In compliance with accounting standards and guidance from Local Government Victoria, an intangible asset for the airspace at Cosgrove 3 landfill was also recognised at the same time as the rehabilitation provision. The intangible asset is being amortised based on actual consumption rates of Cosgrove 3 cells. Impairment testing of the intangible asset amortisation rates is also carried out.

A reduction in the indexation factor used has seen a significant reduction in the Cosgrove 3 Landfill provision estimate. The estimated useful life of Cosgrove 3 has also been reduced compared to last year's provision calculation.

The review of the landfill rehabilitation provision and intangible airspace asset has resulted in the following estimated 30 June 2021 balances.

Cosgrove 2 Landfill – Current Provision \$3.463 million  
Cosgrove 2 Landfill – Non-Current Provision \$4.382 million

Cosgrove 3 Landfill – Current Provision \$3.288 million  
Cosgrove 3 Landfill – Non-Current Provision \$15.717 million

Cosgrove 3 Airspace Intangible Asset \$28.996 million

### Discussion and Questions from the Committee

- The Committee asked about the flow of numbers for the Landfill Accounting and indicated that it was confusing to the reader.
  - Management advised that there had been a change in the indexation figure (based on CPI) which resulted in a favourable reduction in the Present Value calculation of the provision.
  - External auditors were consulted on the representation of this reduction for Council's annual statements.
- The Committee asked whether Council was confident with the short and long term debts.

- Management advised that liquidity (working capital) is currently in line with VAGO's recommended target of 100% or more.
- Noted that \$70 million of capital works are scheduled for 2021/2022 financial year.

#### **Actions arising from the Committee meeting**

Nil.

## 12 Any Other Business

### 12.1 Any Other Business

#### Discussion and Questions from the Committee

Nil.

## 13 Date of Next Meeting

**Meeting close:** 5.43pm

**Next meeting:** 8 September 2021