

# MINUTES

Greater Shepparton City Council

## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Wednesday 9 February 2022

Virtually

### COMMITTEE MEMBERS

Mr Goran Mitrevski (Chair)

Mr David Kortum

Mr Vivek Chopra

Mr Stephen Coates

Cr Kim O'Keeffe (Mayor)

Cr Anthony Brophy

### 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 9 FEBRUARY 2022 AT 4:00PM**

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

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## 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)	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>EXTREME</b>	<b>EXTREME</b>
<b>Likely (4)</b> Could probably occur in most circumstances (i.e. Monthly)	<b>LOW</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>EXTREME</b>
<b>Possible (3)</b> Reasonable probability that it could occur (i.e. over 12 months)	<b>LOW</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Unlikely (2)</b> It is not expected to occur (i.e. 2-5 years)	<b>LOW</b>	<b>LOW</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>
<b>Rare (1)</b> May occur only in exceptional circumstances (i.e. within 10 years)	<b>LOW</b>	<b>LOW</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>

<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 Kim O'Keeffe (Mayor)
- Cr Anthony Brophy

#### ***Council Officers***

- Peter Harriott – Chief Executive Officer
- Chris Teitzel - Director Corporate Services
- Darryl Hancock - Manager Corporate Governance
- Karen Liversidge - Manager People & Development
- Matthew Jarvis - Manager Finance & Rates
- Nicole Pretty - Manager Information Communications Technology
- Jodie Sessions - Team Leader Risk & Assurance
- Susan Walker - Assurance & Continuity Officer (Minute Taker)

#### ***Internal Audit Representatives***

- Kundai Mtsambiwa
- Kapil Kukreja

## 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

### **Council Officers:**

- Sam Rodriguez - Team Leader Contracts & Procurement
- Kelli Halden - Manager Projects
- Marie Barbance - Team Leader OH&S

## 3 Declarations of Conflict of Interest

Nil received.

## 4 Confirmation of Minutes of Previous Meetings

**That the minutes of the 10 November 2021 Audit and Risk Management Committee meeting as circulated, be confirmed.**

**Moved: Stephen Coates**

**Seconded: Vivek Chopra**

Content Manager reference: M21/101158

## 5 Action Register

### 5.1 Action Register 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.

**That the Audit and Risk Management Committee note 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 17 January 2022, there is one item that remains open and will be reported to the Committee at the 9 February 2022 ARMC meeting.

A copy of the status of each item has been included in the attachment, including completed actions.

A table has been attached for the Committee's reference to the remaining active and completed actions.

#### Key Discussion Points

- 6 actions resulted from the 10 November 2021 meeting with 5 completed prior to the 9 February meeting.
- 1 action remains outstanding consisting of the implementation of the new fraud and corruption standards that came into effect in July 2021.
  - Regular updates will be provided to the Committee on the progress of the implementation.

#### Discussion and Questions from the Committee

Nil.

#### Actions arising from the Committee Meeting

Nil.

## 6 CEO

### 6.1 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.

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

#### Executive Summary

Chief Executive Officer 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.

#### Key Discussion Points

- 2022 presenting challenges for Council with the continuation of COVID impacting departments and staff shortages.
- Vacant positions and recruitment affecting Council due to COVID
- Notification of a 7.5% increase in construction costs which will impact key projects. Projects likely to be affected include:
  - the basketball stadium; and
  - Munarra projects.

#### Discussion and Questions from the Committee

1. The Committee asked whether the basketball project was purely for basketball purposes or a leisure centre or a combination of both.
  - a. management advised that it was a centre for users of badminton, table tennis, basketball, etc. and could be used by multiple users.

#### Actions arising from the Committee Meeting

Nil.



## 7 OH&S

### 7.1 OH&S and WorkCover Report

Author	Manager People & 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.

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

#### Executive Summary

The OHS and WorkCover report is presented to the ARMC to provide an overview of activities that have occurred within Greater Shepparton City Council between October 2021 and December 2021, to both respond to and prevent incidents and issues occurring, which may cause risk or harm to both employees and the organisation and which would likely breach the Occupational Health and Safety Act 2004 and the Workers Rehabilitation Act 2013.

A summary of the report is as follows:

1. Number of Incidents reported (including Incidents, Hazards and Near Misses) broken down by directorate.
2. Number of incidents broken down by type.
3. Incident, Hazard and Near Miss Trends.
4. Medium and High risk incidents have been identified and Control Measures listed.

No change has occurred within the area of WorkCover with the premium only being calculated once a year and no significant new claims.

Little drug and alcohol testing has occurred in this period due to a lack of available staff.

No other notable activity has taken place.

#### Key Discussion Points

- No change in report since the November meeting due to COVID and lack of staff to conduct drug and alcohol testing.
- No change to the WorkCover figures.
- Increase in occupational violence due to customers being asked for confirmation of vaccination status.
- COVID-19 incidents largest number of incidents received during the reporting period.

## Discussion and Questions from the Committee

1. The Committee asked why there is a lack of analysis in the information presented.
  - a. Management advised that there was nothing to report for this period, noting that the WorkCover premiums had not changed, there had been no drug and alcohol testing, no major issues and no requests for information about a particular topic so only incidents, hazards and near misses were reported.
  - b. Management advised that a more comprehensive report will be provided to the Committee at the May meeting.
2. The Committee asked whether Council's risk profile had changed or impacted due to drug and alcohol testing not being performed.
  - a. Management advised that the risk to Council has not changed in the past 12 months where tests have not been conducted and doesn't believe that it's changed the risk to Council.
  - b. Council had been conducting random tests and will continue to do so and will not target staff just because they're available.
3. Committee asked whether the controls in the register would be updated to reflect the current situation.
  - a. Management advised that a more comprehensive report will be provided at the May meeting.
4. Committee asked what proactive measures were being taken in order to support staff and mental health. Management advised the following items:
  - a. encouraging staff to take leave
  - b. providing peer support
  - c. Toolbox talks
  - d. openly discussing staff workloads and pressures
  - e. offering mental and physical health training through Aquamoves
  - f. offering staff the opportunity to participate in mental health awareness and training sessions

## Actions arising from the Committee Meeting

Nil.

## 8 Finance

### 8.1 Monthly Finance Report

Author	Senior Financial Analyst
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.

**That the Audit and Risk Management Committee note the Finance Report.**

#### Executive Summary

The Finance Report provides information on Greater Shepparton City Council's (Council) forecast financial performance compared to Adopted Budget. This report incorporates information from the November 2021 Monthly Finance Report (as at 30 November 2021).

The main items identified in the report are:

- Year to Date (YTD) accounting surplus of \$47.3 million is \$1.6 million (3.3%) less than the YTD Adopted Budget, largely due to an unfavourable YTD variance in Capital Grants.
- The Full Year Projected accounting surplus of \$16.4 million is \$1.8 million (9.7%) less than the Full Year Adopted Budget. This is mostly due to a reduction in Capital Grant income for a capital project re-budgeted from 2021/2022 to 2022/2023.
- Outstanding sundry and rates debtor balances are within normal ranges as at the end of November 2021.
- YTD Capital Works expenditure of \$14.0 million is \$6.2 million less than the YTD Adopted Budget, mostly due to the timing of works in Waste Management, Recreational Leisure & Community Facilities and Plant Machinery & Equipment.
- Full Year Projected User Charges has decreased by \$2.2 million (11.3%), mostly due to the temporary closure and restricted operations of Council owned and operated facilities during COVID lockdowns.
- The net estimated cost to Council of COVID related closures, not including amounts already factored into the 2021/2022 Adopted Budget, is approximately \$1.2 million.
- The Accounting for Property, Infrastructure, Plant & Equipment Policy was adopted at the 21 December 2021 Council Meeting and is attached to this report for

reference. This policy updates and combines three existing policies, which provide guidance for the acquisition, measurement and disposal of assets.

- Financial Performance Indicators have been included in the attachment to this report.

### Key Discussion Points

- Projected accounting surplus of \$16.5M equating to 10% less revenue than adopted budget.
- Project accounting surplus reduced to \$13.5M in second quarter projections, \$4.7M less than adopted budget, mainly contributed to by capital income re-budgets.
  - Excluding capital items, the adjusted underlying result is tracking 10% better than adopted budget for quarter 2.
- Sundry Debtors
  - payment of \$1.5M outstanding from federal government for SAM project
- Rates Debtors
  - tracking well with rate payment arrangements below previous year's levels.
- Capital Works
  - behind \$9M in the YTD adopted budget with a full year forecast of \$70.5M expenditure, requiring approximately \$9M a month in expenditure up to 30 June.
- COVID
  - calculation costs tracking at \$1.2M for the full year as at second quarter with new indicators included in this calculation.

### Discussion and Questions from the Committee

1. The Committee asked about the delay of payment from the Commonwealth on the SAM project.
  - a. Management advised that there was some missing information in the report which was causing the delay in payment.
  - b. Management also reassured the Committee that the amount of the payment was not in dispute.
2. The Committee asked about the November Capital Works amounts being behind.
  - a. Management advised that a historical profile with capital works expenditure was heavily concentrated to the second half of the financial year, as well as procurement and project capacity at the 2nd quarter.
  - b. Management also advised the commencement of the Director Infrastructure and the Acting Manager Projects providing a more secure service to the Projects team with vacancies being filled and therefore the expenditure graph heading in the right direction.
3. The Committee asked whether the Asset policies had significant changes or whether the document was a combination of previous policies.
  - a. Management advised that these actions were a consolidation of multiple policies with no changes.

### Actions arising from the Committee Meeting

Nil.

## 9 Compliance with Legislation

### 9.1 Compliance with Local Government Act Report

Author	Governance Compliance Officer
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.

**That the Audit and Risk Management Committee note the Legislative Compliance Report as of 4 January 2022.**

#### 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 353 obligations, Council officers have reported compliance with 297 of 297 assessed obligations. Fifty-six obligations have been assigned but are yet to be assessed. This is down from 135 unassessed obligations in the previous report.

There are 44 Obligations that are overdue for "Sign Off" by the Responsible Council Officers. These are within the following areas:

- Building, Planning and Compliance
- Marketing and Communications
- Strategic Assets

#### Key Discussion Points

- RelianSys is the overarching compliance system used by Council.
- Compliance activities indicate that 353 items are being monitored by RelianSys.
- 44 of these obligations have not been signed off, however, this indicated that the assigned managers has not reviewed and signed off the obligation as either compliance or non-compliant. The Governance team are working with managers to review and sign off these obligations.

#### Discussion and Questions from the Committee

1. The Committee queried why the 44 obligations are overdue for sign off.
  - a. Management advised that the obligations may have been completed, however the obligation hadn't been signed off.
  - b. Verifications are underway to ensure all obligations have been implemented and signed off correctly.

2. The Committee queried whether Council was comfortable with the assessment of these obligations.
  - a. Management advised that they are comfortable with current compliance level across the organisation.
  
3. The Committee queried whether the remaining 58 obligations had been assigned.
  - a. Management advised that this was due to the staggered implementation of various aspects of the legislation showing some items were due to be reviewed as a future date.
  
  - b. Management confirmed that all obligations had been assigned to the relevant managers.

### **Actions arising from the Committee Meeting**

Nil.

## 9.2 Compliance with Procurement Policy/Guidelines Report

Author	Team Leader – Contracts & Procurement
Approved by	Chief Executive Officer
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.

**That the Audit and Risk Management Committee note the compliance report with regard to purchase orders and purchase requisitions.**

### Executive Summary

The Audit and Risk Management Committee has responsibility to monitor compliance with Council Policies and Procedures.

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; and
2. Requisitions Rejected and Subsequently Approved.

These reports are currently presented to the Executive on a quarterly basis for information purposes only.

Under 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.

The Purchase Orders Raised After Invoice and Rejected Requisitions reports are the first reports of this kind presented to the Audit and Risk Management Committee for monitoring. The reports presented pertain to the period 1 January 2021 to 30 June 2021.

Council has a tolerance level of 5% of the total purchase orders raised for the period, to be raised after an invoice has been received. These figures are prone to fluctuation from month to month, depending on the particular items sourced (e.g. Legal fees, insurance claims, etc.).

The Purchase Orders Raised after Invoice report provides information from the four directorates with additional information supplied for Building Maintenance, Assets.

Building Maintenance, Assets have been included in the report detailing purchase orders which were raised after the receipt of an invoice. Examples of circumstances in which

Building Maintenance Officers might raise purchase orders after receiving an invoice could include but are not limited to:

- Make safe or emergency works for buildings where immediate works are needed for rectifications. This could include buildings such as child care, kindergartens, community halls, etc.

General purchases raised are reviewed by the Procurement Team, who may reject a requisition in one or more of the following circumstances:

- Where the requisition raised should be raised against an existing contract number and not as a general purchase;
- The sum for which the requisition is raised exceeds procurement thresholds;
- The Procurement process or payment method stipulated in the Policy and/or Procedure has not been adhered to; or
- Where an insufficient number of quotes has been provided.

The Rejected Requisitions report provides an overview on the number of requisitions raised and rejected from July 2021 to December 2021.

### Key Discussion Points

- Purchase orders raised after invoice occurs due to a number of reasons.

### Discussion and Questions from the Committee

1. The Committee queried if any trends were emerging for PO's raised after invoice.
  - a. Management informed the Committee that the report is mainly focused on acquisitions ensuring the correct number of quotes received, also noting that the new Procurement Policy specifies that one local business quote is the minimum standard as approved by Council.
2. The Committee asked under what circumstances a post service PO would arise, noting HLB Mann Judd noted internal control issues in the Procurement & Probity review and whether it fell within Councils risk appetite.
  - a. Management confirmed that this occurs within limited circumstances, including: utility bills, make safe works, emergency type works, etc.
3. The Committee asked whether rejections were monitored.
  - a. Management advised that it's difficult to monitor, however, focuses on the number of quotes received.

### Actions arising from the Committee Meeting

Nil.



## 10 Risk Registers

### 10.1 Operational Risk 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.

**That the Audit and Risk Management Committee note the High Operational Risk report for the period of 1 October to 31 December 2021.**

#### Executive Summary

The high operational risk register is presented to the Audit and Risk Management Committee on a quarterly basis to assist in providing assurance that risks are being managed effectively. This report is for the period 1 October – 31 December 2021.

For this report, there is only one high operational risk that exists and remains unchanged from the previous quarter, that risk being:

- Unregistered hazardous waste site.

The high operational risk is attached to the report.

#### Key Discussion Points

- One high risk remaining on report and has been for an extended time due to nature of risk.
- Risk is managed by state government, however, Council involved as it falls within Greater Shepparton's municipality.
- Council liaising with varying agencies.
- No change to this risk since last reported and no change is expected in the near future.

#### Discussion and Questions from the Committee

1. The Committee asked whether the risk description was correct.
  - a Management advised that the risk is recorded correctly. Further clarifying that the owner of the property is not registered to store hazardous chemical.
2. The Committee asked why it's been recorded as an unregistered hazardous site and what Council's exposure is to it.

- a. Management advised that the site is of safety concern for the broader community and the owner of the site is unregistered to handle hazardous material.
  - b. Management confirmed the site is not owned by Council, however, Council has an obligation under Emergency Management even though it's a state controlled issue.
  - c. Management confirmed that this particular site is 1 of 5 recorded sites in Victoria.
3. The Committee asked whether there was a risk plan by the owner and whether a risk assessment had been conducted.
- a. Management confirmed that there is no risk plan in place as the owner is uncooperative and declares himself as an independent principality.
4. The Committee asked whether the risk was reviewed as at 30 December 2021, what was performed, what the outcome was and what actions had been taken.
- a. Management confirmed it is reviewed every 3 months according to its high risk rating.
5. The Committee asked whether Council holds adequate insurance for this type of risk.
- a. Management confirming this and also advised the Committee that the EPA and Minister hold the responsibility, with liability being split.

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

Nil.

## 10.2 Councillor Expenses Report

Author	Team Leader - 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.

### RECOMMENDATION

**That the Audit and Risk Management Committee note the Councillor Expenses Register for the period 1 July 2020 – 30 June 2021 as attached.**

### Executive Summary

In accordance with Section 40 (2) of the Local Government Act 2020, details of all reimbursements pursuant to this section must be provided to the Audit and Risk Management Committee.

### Key Discussion Points

- Information was reported for the 2020/21 financial year.
- Expenses for that year were related to the Murray Darling Basin Authority meetings where Councillors Patterson (previous member), Dobson and Priestly were in attendance.
- Limited number of expenses reported on due to COVID.

### Discussion and Questions from the Committee

1. The Committee queried why this was being reported on only now.
  - a. Management advised that this particular report is presented annually and was due to be presented in November 2021, however, was delayed until February 2022.
2. The Committee queried when Cr Patterson incurred this expense.
  - a. Management advised in was September 2020.

### Actions arising from the Committee Meeting

Nil.

## 10.3 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.

### RECOMMENDATION

**That the Audit and Risk Management Committee note the Public Interest Disclosure statistics for the Financial Year 2020/2021.**

### Executive Summary

There were no Protected Interest Disclosures reported to Council during the financial year 2020/2021.

### Key Discussion Points

- Management informed the Committee that no Public Interest Disclosures (PID) were made to Council.
- Any reports of PID's are reported on an annual basis.

### Discussion and Questions from the Committee

1. The Committee asked whether this was unusual that Council had not received any reports.
  - a. Management advised that this is the result of good internal controls that exist within Council.
2. The Committee asked whether education / training was delivered to staff.
  - a. Management advised that training is provided, however, further training is required in this area.
3. The Committee queried whether Councillor behavior was included in this report.
  - a. Management confirmed that inappropriate or misbehaving activities by a Councillor are reported to IBAC.
  - b. Management also confirmed that there had been no reports of Councillor misconduct or corrupt behaviors.
  - c. Cr Brophy advised that official complaints only are reported on.

### Actions arising from the Committee

Nil.

## 11 Insurance

### 11.1 Insurance Claims 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.

**That the Audit and Risk Management Committee note the Insurance Claims report for period 1 October – 31 December 2021.**

#### Executive Summary

The insurance claims report is provided to the Audit and Risk Management Committee for quarterly review, that being for the period 1 Oct – 31 December 2021.

- Two public liability claims were received for the reporting period;
  - Two claims for property damage, both of which were denied.
- Six motor vehicle incidents occurred this quarter;
  - 5 incidents saw third parties at fault for hitting Council vehicles; and
  - 1 incident where a Council driver hit a stationary object.
- Nine incidents causing damage to Council property occurred during the reporting period.
  - 8 vandalism incidents cost Council over \$8,000, with all 8 incidents being under Council's \$2,000 excess.

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

#### Key Discussion Points

- Management presented the report with the Committee confirming the report as read.

#### Discussion and Questions from the Committee

Nil.

#### Actions arising from the Committee Meeting

Nil.

## 12 Information, Communication & Technology

### 12.1 Disaster Recovery Report

Author	Manager Information, Communication & Technology
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.

**That the Audit and Risk Management Committee support the recommendation in response to the action arising from the August 2021 meeting:**

***“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.”***

**That the Audit and Risk Management Committee endorse the recommendation to:**

- 1. Examine the Critical Business Functions (CBF) for the organisation. Assess if the current Recovery Time Objective (RTO) and Recovery Point Objective (RPO) is sufficient to meet CBF needs. Report back to ARMC to determine if further action is required.**

#### Executive Summary

Benchmarking or rating of an organisation’s *Disaster Recovery Plan* testing is not publicly available data, due to the highly confidential nature of the information and the risk it would pose to organisations to publicly expose these security gaps. Unfortunately, this component of the request is not able to be fulfilled.

Specifically in relation to the Disaster Recovery Plan, the supplier has made a suggestion for the ARMC to consider which he believes will provide the assurance the ARMC are seeking as to the effectiveness of the DRP. The supplier has recommended GSCC to conduct an assessment of critical business functions across the organisation to provide assurance of disaster coverage, recovery times and tolerable data loss to ensure the continuation of business as a result of disruption.

#### Key Discussion Points

- Requested benchmarking not possible regarding cyber security.
- Available IT who undertook testing on Council's systems recommended that Council look at the recovery times and functions for Council's systems.
- The recovery times and functions have been documented in Council's Business Continuity Plan (BCP)

## Discussion and Questions from the Committee

1. The Committee asked whether the timeframes listed in the BCP had been tested.
  - a. Management confirmed that a review will occur of the sub-plan, including updating the timeframes.
2. The Committee queried how a potential breach of confidential information could occur when benchmarking for cyber preparedness is against data and not information.
  - a. Management indicated that a test of the plan showed that RPO is 9 minutes, however, a more realistic timeframe for Disaster Recovery testing is one hour.
3. The Committee asked whether a review of the Essential 8 had been conducted.
  - a. Management confirmed that Available IT was a developer of the Essential 8, however, is more effective in very large organisations at a state level, not local government. GSCC would not benefit from this review as it would rate relatively low.

## Actions arising from the Committee Meeting

1. Provide report to Committee at May meeting on Council's Critical Business Functions (CBF) and whether they align to Recovery Time Objectives (RTO).
  - a. Manager ICT

## 13 Internal Audit

### 13.1 Overdue Audit Items Report

Author	Assurance & Continuity 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.

#### That the Audit and Risk Management Committee note the Overdue Audit Actions Report.

#### Executive Summary

The following is an overview of the current overdue actions as at 31 December 2021:

Audit	Overdue Actions
Risk Culture	2
Occupational Health & Safety	3
Waste Management & Planning	1

#### Key Discussion Points

- 6 overdue items for reporting period 1 October to 31 December 2021.
- 2 items relate to risk management training offered to all staff by the Risk & Assurance team.

#### Discussion and Questions from the Committee

1. The Committee asked whether the implementation dates of the overdue items had been recorded.
  - a. Management advised that a follow up is required with Responsible Officers to include in May report.
2. The Committee queried when the risk management training would be provided to staff.
  - a. Management advised that it is expected to be rolled out towards the middle half of the year. This will align with the adopted Risk Management Policy and Procedure which is currently under review.
  - b. Management also advised that the new risk appetite will be aligned to the training, hence the delay in being rolled out.



### Actions arising from the Committee Meeting

1. Follow up with Responsible Officer for when the overdue item relating to recent Waste Management & Planning review will be implemented
  - a. Team Leader Risk & Assurance
2. Follow up with Responsible Officer for when the overdue item relating to recent OH&S review will be implemented.
  - a. Team Leader Risk & Assurance

## 13.2 Internal Audit Status Report - Completed Audits

Author	Assurance & Continuity 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.

### That the Audit and Risk Management Committee:

1. note the Status Update on Internal Audits Report; and
2. note the Procurement & Probity Review.

### Executive Summary

This report provides an update on the status of internal audits that have been conducted, completed and pending. These include:

#### Concluded audit includes:

1. Procurement and Probity review.
  - a. Presentation to Committee in this meeting. Full Report attached.

#### In progress audits include:

1. ICT General Controls
  - a. Commenced October 2021; and
  - b. Awaiting draft report from internal auditors with updated commentary provided by Council Officers.
2. Public Participation & Community Engagement
  - a. Commenced November 2021.
  - b. Awaiting draft report from internal auditors for management comment.

The finalised report of the Procurement and Probity review will be presented by HLB Mann Judd representatives at the 9 February 2022 Audit and Risk Management Committee meeting.

### Key Discussion Points

- HLB Mann Judd advised that the internal audits scheduled for this year are on track.
- Received report with management comments for IT General Controls review. No high or extreme risks associated with this report.

- Public Participation and Community Engagement review commenced early December, however, further field work required.
- Procurement & Probity review finalised with the following areas to note:
  - Council has good documented processes
  - Procurement Plan is good, however, requires further enhancements
  - Monitoring to be conducted.
  - 3 high risks and 5 medium risks identified during review.
  - Evaluation form and Conflicts of Interest to be more formalised.
  - Reinforcement and re-education of staff training.

### Discussion and Questions from the Committee

1. The Committee asked whether the review investigated PO's being raised after invoice.
  - a. HLB Mann Judd noted that discrepancies had been found in the sample tests.
  - b. Management advised that there would need to be a further quantifiable justification process for approval.
  - c. Management advised that this was of high importance to Executive with the reinforcement of proper processes to be addressed across all departments.
2. HLB Mann Judd noted that Review Panel Contracts utilised one company regularly.
  - a. Management confirmed that this was due to availability and a limited number of suitably experienced panel members in a regional town which has resulted in the regular use of some panel members.
  - b. Management further advised that teams have been set up to undertake training specifically.
3. The Committee asked whether there was evidence of order splitting at Council.
  - a. HLB Mann Judd advised that there had been evidence where some orders had been split with maintenance and interpretation of the process being the primary reasons where staff were not aware of their obligations.
  - b. Management advised that order/invoice splitting will not be tolerated.
  - c. Management further advised that staff receive disciplinary action or dismissal when this occurs.
4. Cr Brophy asked for clarification on what order splitting was.
  - a. A Committee member advised that it's when an order is raised and split so that it meets the financial delegation requirements of a staff member with authorities set at a certain delegation.
  - b. HLB Mann Judd further assured the Committee that this occurs more so for fast tracking purposes then committing a fraudulent act.

### Actions arising from the Committee Meeting

Nil.

### 13.3 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.

**That the Audit and Risk Management Committee meet in camera with the internal auditors to discuss audit or risk related matters.**

#### Executive Summary

In line with the Audit committee Good Practice Guide 2017, this item is to provide the internal auditors and the Committee with an opportunity to discuss audit and or risk related matters without Council Officers or management present.

This discussion is reflective of the committee's responsibilities within the Audit and Risk Management Committee Charter.

#### Discussion Points

The Committee and internal auditors, HLB Mann Judd to meet in-camera after the meeting to discuss internal audit.

#### Discussion and Questions from the Committee

Nil.

#### Actions arising from the Committee Meeting

Nil.

## 14 ARMC Functions

### 14.1 ARMC Charter and Work Program

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.

#### RECOMMENDATION

**That the Audit and Risk Management Committee recommend that Council adopt the revised ARMC Charter and Work Program.**

#### Executive Summary

The Audit and Risk Management Committee's Charter and Work Program is due for its review with the Committee, and to be adopted by Council.

The Program and the Charter have been aligned with each other for ease of reference for the Committee members and has been amended and aligned to comply with Section 54(3) of the Local Government Act 2020 (the Act).

The key changes to the Charter and Program have been identified below in the Report section, with several amendments included from actions arising from the 10 November 2021 ARMC meeting.

#### Key Discussion Points

- Purpose of the proposed changes to the Charter was to maximise efficiency of the Committee's valuable time.
- Work Program reviewed to spread the reports across the quarters to enable the Committee to have the opportunity for better reporting and observation.
- Provides better alignment with the Local Government Act 2020.

#### Discussion and Questions from the Committee

1. The Committee Chair thanked management for their efforts and intentions, indicating that the Committee was comfortable with the changes.

#### Actions arising from the Committee Meeting

Nil.

## **15 Date of Next Meeting**

**11 May 2022**

## **16 Meeting Closure**

**Meeting closed: 5.40pm**