



# MINUTES

Greater Shepparton City Council

## AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

4:00PM, Wednesday 11 May 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 (Deputy Mayor)

### VISION

GREATER SHEPPARTON, GREATER FUTURE

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture a

**MINUTES**  
for the  
**AUDIT AND RISK MANAGEMENT COMMITTEE**  
held on  
**WEDNESDAY 11 MAY 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)
- At 5.31pm, Cr Kim O'Keeffe (Mayor) excused herself from the meeting at which point a quorum could no longer be sustained. All business at the ARMC from this time forward was for discussion only with no actions able to be determined.

#### **Council Officers**

- Peter Harriot - Chief Executive Officer
- Darryl Hancock - Manager Corporate Governance
- Jodie Sessions - Team Leader Risk & Assurance
- Olivia Curtis - Acting Manager Finance & Rates
- Hannah Shelton - Senior Financial Analyst
- Peter Schnorrenberg - Financial Accountant - Fixed Assets
- Nicole Pretty - Manager ICT
- Zara Canobie - Risk & Insurance Advisor - Minute Taker

#### **Observers**

- Cr Shane Sali

#### **Internal Audit Representatives - HLB Mann Judd**

- Kundai Mtsambiwa (entered the meeting at 5.25pm)
- Dulshan Kalpage (entered the meeting at 5.25pm)

## 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 Cr Anthony Brophy, Deputy Mayor, and Chris Teitzel, Director Corporate Services.

## 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.**

Nil received.

## 4 Confirmation of Minutes of Previous Meetings

### 4.1 Confirmation of Minutes

That the minutes of the 9 February 2022 Audit and Risk Management Committee meeting as circulated, be confirmed.

**Moved:** Stephen Coates

**Seconded:** Vivek Chopra

Confirmed minutes in Content Manager M22/12284.

## 5 Action Register Report

### 5.1 Action Register

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.

#### 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 12 April 2022, there is one item that remains outstanding from the action register which relates specifically to:

1. Providing a report to the Committee on Councils Critical Business Functions (CBF) and whether they align to the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO).
  - The Manager Information, Communication & Technology will present this report at the specified item number within the agenda at the 11 May 2022 meeting.

All other actions assigned from the 9 February meeting have been closed out.

#### Key Discussion Points

- Management advised that the Manager ICT would update and talk to the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) in section 8 of the agenda.
- Management confirmed that item number 13.1 - Overdue Audit Items from 9 February 2022 ARMC meeting was closed out.

#### Discussions and Questions from the Committee

- Nil received.

#### Actions Arising from the Committee Meeting

- Nil received.

## 6 CEO Report

### 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.

#### Executive Summary

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.

#### Key Discussion Points

- Commonwealth Games
  - \$2.6 billion injected into regional Victoria, including Geelong, Ballarat and Bendigo, however, Shepparton unfortunately missed out on the opportunity to receive such funding.
- Athletes villages not supported in Shepparton
- Shepparton to receive sporting events for Commonwealth Games
- Shepparton Sports City has been allocated \$60 million to date
- GV Link - freight logistics centre.
  - key project for Shepparton
  - Detailed design has been revisited by key stakeholders
- Link is estimated at \$24 million. Collaborative purchasing contract for waste collection and processing
  - 13 Council's involved in the project
  - big impacts to GSCC regarding implementation of glass bins
  - Project risks include:
    - community e.g. costs associated with new bins
- OHS Update
  - Incident with bitumen kettle some time ago
    - WorkSafe taking Council to Court



- Council to contest
- Council's solicitors don't believe Council is accountable

### Discussions and Questions from the Committee

- The Committee asked when the court proceedings will commence.
  - Management advised that Court proceedings were due to commence late May 2022, however, have been postponed.
- The Committee asked whether there were any risks for Council in relation to the election.
  - Management advised that funding risks for operational purposes are the biggest, however, these have been suitably assessed by Council.

### Actions Arising from the Committee Meeting

- Nil received.

## 7 Finance Report

### 7.1 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.

#### 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 March 2022 Monthly Finance Report (as at 31 March 2022).

The main items identified in the report are:

- Year to Date (YTD) accounting surplus of \$29.9 million is \$4.5 million (17.8%) more than the YTD Adopted Budget, largely due to favourable variances in Materials and Services and Depreciation.
- The Full Year Projected accounting surplus of \$21.3 million is \$3.1 million (17.3%) greater than the Full Year Adopted Budget. This is mostly due to 75% early receipt of the 2022/2023 Federal Financial Assistance Grant.
- Outstanding sundry and rates debtor balances are within normal ranges as at the end of March 2022.
- The Full Year Projected Capital Works expenditure of \$63.4 million is \$8.1 million less than the Full Year Adopted Budget, mostly due to projects budgeted for in 2021/2022 that will now be completed in 2022/2023, and lower than expected awarded tender in Waste Management.
- Council's borrowing requirements for 2021/2022 have been revised. Due to the early receipt of the Federal Financial Assistance Grants, at this stage, no new borrowings will be taken out this financial year.
- The revised Investment and Cash Management Policy was adopted at the 19 April 2022 Council Meeting and is attached to this report for reference. The revised policy enables greater utilisation of sustainable investments.
- Further details on Councils upcoming significant accounting judgements and estimates for 2021/2022 end of financial year will be reported at the next ARMC meeting (including Cosgrove Landfill Provision and Airspace Asset, Grants Received in Advanced and Volunteer Services).

### Key Discussion Points

- Impacting financials – early receipt of federal financial assistance grants – \$11.2M and \$12M borrowings won't be taken out this financial year.
- Adopted Investment and Cash Management Policy revised – previous policy had restrictions on the amount that could be invested in green Term Deposits.
- Significant accounting and judgement assessments – will be provided at 10 August ARMC meeting.
- Lower than expected tender was received in relation to Cosgrove 3, cell 3 construction, being \$2.72M less.
- Projects moved from this year to next year's budget including:
  - Knight St intersection – funding issue.
- User charges – down \$2.5M – due to reduced costs at Cosgrove. Budget adopted at start of year, however, commercial clients started taking waste elsewhere.
- Movements of investment to cashflow – minor changes were made to the wording of the Investment and Cash Management Policy, the big change included removing Pine Lodge & Kialla West cemeteries from the scope and enabling greater utilisation of sustainable investments in an order of priority.

### Discussions and Questions from the Committee

- The Committee asked why the projected capital works expenditure was \$8.1 million less than the full year adopted budget.
  - Management advised that this was mostly due to projects being budgeted for in the financial year that will be completed in 2022/2023. This included:
    - office handset renewals
    - Florence Street slip lane
- The Committee asked whether there would be a significant impact due to the operational expenses related to the Florence St lane being delayed.
  - Management advised that the delays are due to a dispute between council and NBN.
- The Committee asked whether it was a concern for Council that businesses were not utilising Council's waste services.
  - Management advised that this happens on a cyclical basis where the prices increase with the client leaving and then returning once things settle down.
- The Committee asked whether there were any issues with the Cosgrove Landfill site.
  - Management advised that it was due to a commercial decision only and contractors have the ability to influence others.
- The Committee asked whether the outstanding rate of debtors is normal and whether Council is concerned.
  - Management advised that Council track the debtors on a fortnightly and monthly basis, further advising that the figures will come down after the due payments on the 31st May.

- The Committee asked whether any debtors are uncollectable.
  - Management advised that the Hardship Policy doesn't allow uncollectables to be waved on rates. Worst case scenario, debts are recovered once the property has been sold.

#### Actions Arising from the Committee Meeting

- Nil received.

## 7.2 Asset Revaluation Review

Author	Financial Accountant – Fixed Assets
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.

### Executive Summary

Every three years Greater Shepparton City Council (GSCC) conducts formal reviews of the values and useful lives of its assets as at the end of the financial year in question. During the other years an informal review is undertaken to see if a formal review is required.

2021/2022 was revaluation year for Artworks and Major Culverts. Infrastructure Assets and Land and Buildings had a separate annual review conducted as it was a non-valuation year for these assets in line with GSCC's Asset Valuation and Revaluation Policy 03.POL4.

The 2021/2022 valuation for Artworks was conducted by Anna Maas and Margaret Rich. The valuation for Major Culverts was conducted by Rural Works Pty Ltd.

The 2021/2022 valuation review for Infrastructure assets was conducted internally by Strategic Assets with changes recommended for Other Infrastructure and Aerodromes. The valuation review for Land and Buildings was conducted by Finance and Rates with no valuation change being recommended.

### Key Discussion Points

- 2021/2022 external revaluation for artworks and major culverts currently underway.
- 2021/2022 valuation review for infrastructure assets was conducted internally by the Strategic Assets team, including the following:
  - SAM and artworks;
  - Infrastructure - no change;
  - Trees - increase in values;
  - Aerodrome - increases to service costs, etc. and
  - Bridges - currently being revalued and likely to be completed by 30 June 2022.
- Land and buildings was reviewed by the Finance and Rates team with no changes required.

### Discussions and Questions from the Committee

- The Committee asked about the summary totals in table 1 not matching up to the figures on pages 14-40.
  - Management advised that they are incorrect and would be reported to the ARMC at the 10 August 2022 meeting.
- The Committee asked about whether depreciation would be impacted by the revaluation.
  - Management advised that there is zero depreciation on furniture and equipment, with minor increases in other areas, including small changes with the aerodrome and bridges.
- The Committee asked whether there were impacts on the revaluation due to inflation.
  - Management advised of minor increases in the annual depreciation, however, artworks was not an item that depreciated.
  - Management further advised that there was not a lot of change as the revaluation was not fully complete.

### Actions Arising from the Committee Meeting

1. Manager, Finance & Rates to provide updated summary figures in table 1 to match the figures on pages 14-40 of the report at the 10 August 2022 meeting.
2. Manager Finance & Rates to provide clearer understanding of the depreciation and to report to Committee at the 10 August 2022 meeting.

## 8 Information, Communication & Technology Report

### 8.1 Disaster Recovery Report

Author Nicole Pretty, ICT Manager  
 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.

#### Executive Summary

In response to the action arising from the February ARMC meeting, whereby the ICT manager was requested to *Provide report to Committee at May meeting on Council's Critical Business Functions (CBF) and whether they align to Recovery Time Objectives (RTO)*.

The ICT manager consulted all Business Continuity Plan (BCP) sub-plan owners to clarify their understanding of the Maximum Tolerable Period of Disruption (MTPD) in relation to the Critical Business Functions identified in the BCP.

Through this process it was discovered that there is a gap in understanding what the MTPD would incorporate and further work is required to increase the clarity in all sub-plans. A workshop has been planned for Monday 16 May. The workshop will incorporate capturing an agreed target Recovery Point Objective and Recovery Time Objective for each Critical Business Function.

Additional updates provided in report below relating to Disaster Recovery and Cyber Security preparedness.

#### Key Discussion Points

- **Disaster Recovery**
  - An assessment of Council's Disaster Recovery operations will commence, including the review of Council's RTO and RPO timeframes.
    - Maximum Tolerable Period of Disruption provided uncertainty and confusion to Business Continuity (BC) sub-plan owners.
    - A workshop with the BC sub-plan owners and BC team will be revisited in coming weeks, including a discussion of what an RTO and RPO is and the requirement that each sub-plan owner needs to consider.
    - Understand the technical requirements required for each sub-plan and sub-plan owner.
    - Determine workarounds if the timeframes cannot be met.

### Discussions and Questions from the Committee

- The Committee asked how the RTO and RPO's are determined. I.e. were management involved in this process.
  - Management advised that RPO/RTO's have not been established by the Critical Business Functions (CBF), however, these discussions will be held with sub-plan owners and the Business Continuity team in the coming weeks.
    - Managers to gain strong understanding of RPO/RTO's to determine whether they are achievable.
- The Committee asked whether management had been involved in the penetration testing and whether the information relates to the business model.
  - Management advised that the ICT Team and technical experts were involved in testing.
- The Committee asked whether the Penetration Test report and the report in relation to RPO and RTO align.
  - Management confirmed that the penetration testing and the assessment of RPO and RTO are two very different items.
  - Management further advised that the timing's for the RPO and RTO were due to be conducted on 30 May 2022, with Manager ICT to collaborate results and present to the Committee at the meeting scheduled for 10 August 2022.
- The Committee noted that the RTO and RPO should be incorporated into the Risk Appetite Statement.

### Actions Arising from the Committee Meeting

1. Manager ICT to provide outcome to the Committee on Council's RTO and RPO timeframes once assessed.



## 8.2 Penetration Testing

Author Nicole Pretty, ICT Manager  
 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.

### Executive Summary

The penetration test was conducted by Kaon Security a MAV approved provider. Three tests were undertaken; an External Infrastructure Penetration Test; an Internal Infrastructure Penetration Test and an External Web Application Penetration Test.

Testing was conducted over a period of 4 weeks from the 12 January 2022. The following overall risk ratings were found for each test:

- External Infrastructure: Low
- Web Application: Medium
- Internal Infrastructure: Critical

The Penetration Test report from Kaon details what action has been taken and what is planned. Most recommendations will be actioned by 31 May 2022. As part of the contracted service Kaon will complete a repeat Penetration Test to validate successful risk mitigation.

Cr Kim O'Keeffe (Mayor) excused herself from the meeting and exited at 5.31pm.

### Meeting unable to maintain quorum

As Cr Kim O'Keeffe left the meeting and Cr Brophy was an apology for the meeting, the ARMC was no longer able to maintain a quorum in accordance with clause 4.3 of the ARMC Charter which requires at least one Councillor present at all times.

At this point the committee determined to continue with the agenda for discussion only with no actions to be determined.

### Key Discussion Points

- Following the departure of Councillor O'Keeffe from the meeting, Management advised that there is no longer a quorum.
- Management advised that meeting could continue, however, no actions could be recorded from this point.

### Discussions and Questions from the Committee

- Nil received.

### Actions Arising from the Committee Meeting

- Nil received.

## 9 Risk Management Reports

### 9.1 Fraud and Corruption Risks

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

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

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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.

#### Executive Summary

In accordance with the Audit and Risk Management Committee's Annual Work Program, the fraud and corruption risks are to be presented to the Committee for assurance that these types of risks are being managed effectively, including mitigation strategies to reduce such risks.

#### Key Discussion Points

- Management advised that the fraud and corruption risk report had not been presented due to staffing constraints, further indicating it was not a priority.
  - Management advised that ICT have intercepted several attempts of cyber security within Council.

#### Discussions and Questions from the Committee

- The Committee asked whether management were comfortable with fraud and corruption risks not being monitored.
  - Management advised that they were being monitored, just not reported to the Committee due to the current resourcing constraints within the Risk & Assurance team.
  - Management further advised that the Council fared well in an audit conducted by VAGO pre-COVID.

#### Actions Arising from the Committee Meeting

- Nil received.

## 9.2 Operational Risk Report

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.

### 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 January to 31 March 2022.

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

- OR31117/18 - Unregistered hazardous waste site.

Council's Emergency Management department are involved in the discussions of this risk with other relevant authorities, noting that the consequences of an incident of this nature and size are unlikely to change in the instance where the ignition of highly flammable chemicals was to occur. This risk continues to be monitored closely by all Council Officers.

### Key Discussion Points

- Management advised that the operational risk report hadn't changed from the previous two Committee meetings.

### Discussions and Questions from the Committee

- Nil received.

### Actions Arising from the Committee Meeting

- Nil received.

## 9.3 Project Risks

Author	Manager Projects
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.

### 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 Mall Redevelopment
3. Vibert Reserve Pavilion Redevelopment
4. Stadium/Munarra Wetland and Drainage Upgrade

### Key Discussion Points

- Manager Projects unavailable to present report and that the Manager Projects will present the project risk report to Committee at 10 August meeting.
- Management advised that the traffic lights at the intersections of Wyndham and Fitzjohn Streets (near SAM) had not been connected due to an issue with the new traffic lights not communicating with the older style boom gates.
  - Velocity upgrade to signals due to occur May 2023.

### Discussions and Questions from the Committee

- Nil received.

### Actions Arising from the Committee Meeting

- Nil received.

## 9.4 Risk Management Strategy

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

- Management presented the Risk Management Strategy advising it's a work in progress and to seek feedback on the document.
- Inclusions in the strategy include:
  - Risk Areas - 11 with the inclusion of two new areas, being Technology and Community.
  - Risk Assessment
    - Identification
    - Analysis
      - Likelihood
      - Consequences
  - Risk Appetite / Tolerance
  - Risk Treatment
  - Risk Register - 4 in total, including:
    - Strategic
    - Operational
    - Project Risk - for each individual project
    - Event Risk - for each individual event
  - Risk Categories - allowing for specific reporting
  - Risk Approach - new concept for Council.

### Discussions and Questions from the Committee

- The Committee stated that the appetite requires further fine tuning as it appeared to be more like a risk management statement.
- The Committee advised that Council should set their own appetite statements.
- The Committee asked how this will be communicated to staff.
- The Committee asked whether the risk appetite and tolerance statements will be reported through CAMMS.
  - Management advised that it won't because the system doesn't allow for this to happen, however, the software system Council is wanting to migrate to will reflect this.

- The Committee noted that the inclusion of the risk appetite and tolerance statements in reporting would be a great addition for Council and staff.
- The Committee was asked to provide feedback on the Risk Management Strategy at 10 August 2022 meeting. The Team Leader Risk & Assurance was asked to provide the updated consequences to the Committee at the 10 August 2022 meeting.

#### Actions Arising from the Committee Meeting

- Nil received.

## 10 Internal Audit Reports

### 10.1 Overdue Audit Items

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.

#### Executive Summary

The following report provides an overview of the current overdue audit items as at 11 April 2022. The following table shows the 7 overdue items relating to a specific audit.

Audit	Report Issue Date	Outstanding Findings					As at 11 April 2022		
		E	H	M	L	Totals	Not Yet Due	Overdue	Total
Delegations	Nov 18	0	0	1	0	1	0	1	1
Risk Culture	Sep 20	0	0	1	1	2	0	2	2
OH&S	Nov 20	0	0	1	0	1	0	1	1
Fraud/Corruption	Feb 21	0	0	0	2	2	0	2	2
Waste Management	Aug 21	0	0	1	0	1	0	1	1
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>7</b>

The comments in the attachment have been updated to reflect the current progress of each overdue audit item as provided by the Responsible Officer.



There are seven recommendations that remain overdue, one since November 2018. Each overdue item remains a high priority for Council to resolve and complete, however, each of these overdue items is due to a process that needs to be finalised in order for the items to be considered fully implemented and finalised.

Some of the overdue items have multiple steps to finalise before the audit can be marked as complete and signed off.

Management assures the Committee that each of the overdue items remains a focus for Council to resolve.

### Key Discussion Points

- Management advised that there were 7 overdue audit items.
  - The report noted 8 items as overdue, however, management confirmed it was 7.

### Discussions and Questions from the Committee

- The Committee asked about the status of overdue audit recommendations, further querying whether long outstanding items were they were still relevant
  - Management advised that the overdue Delegations audit item was reporting as overdue due to issues with variations to contracts which reflected on the changes to the Procurement Policy.
    - Management advised that this should be completed by the next ARMC meeting of 10 August 2022.
- The Committee requested that the next implementation date should be recorded on the reports for overdue items.
- The Committee requested that Responsible Officers should be present to report on long overdue audit items to outline the reasons for the delay.

### Actions Arising from the Committee Meeting

- Nil received - quorum not present.

## 10.2 Publications of Interest

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.

### Executive Summary

The Publications of Interest report provides an overview on topical issues to the Audit and Risk Management Committee (Committee) that are specific to the local government sector.

This particular report focuses on:

- Legislation
- Completed audits and investigations from various agencies
- Victorian publications tabled within previous 3 months
- Victorian publications currently in progress
- Victorian publications planned for the next 12 months
- Publications by other audit offices tabled within the previous 3 months
- Better practice frameworks, guidelines and articles
- Recent Victorian media releases from Office of the Premier
- Recent HLB Mann Judd newsletters and publications.

### Key Discussion Points

- Committee noted the report.

### Discussions and Questions from the Committee

- Nil received.

### Actions Arising from the Committee Meeting

- Nil received - quorum not present.

## 10.3 Internal Audits as completed by HLB Mann Judd

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.

### Executive Summary

The contract for the provision of internal audit services for Greater Shepparton City Council states that the internal auditor is to report to the Audit and Risk Management Committee (the Committee) as required when an internal audit is completed.

This report provides an update on the status of internal audits that have been conducted and completed by Council's internal auditor, HLB Mann Judd.

The only audit completed since 9 February Audit and Risk Management Committee meeting is the:

1. IT General Controls review

The internal auditors identified 7 risks overall with all 7 risks being rated as medium.

The full report attached includes the findings and recommendations for each of the 7 risks identified during this audit.

This report also includes the Internal Audit Status report which provides an overview of the audits that are currently in progress and have been completed. This report is for the reported to April 2022.

Both reports will be presented to the Committee by a HLB Mann Judd representative.

### Key Discussion Points

- Audit completed:
  - IT General Controls
- Audits outstanding, including:
  - Public Participation and Community Engagement
  - Accounts Payable and Payroll Controls including Analytics

### Discussions and Questions from the Committee

- The Committee raised its concern with the timeliness of finalising audits.
  - Internal auditors advised that it was due to the following reasons:
    - audits taking longer than expected due to being conducted remotely
    - staff being impacted by COVID
    - HLB Mann Judd were closed for a 3 week period over Christmas of 2021.
- The Committee asked what the ideal timeframe is for completing audits.
  - HLB Mann Judd advised that audits are typically completed within a 2 to 3 week timeframe.
- The Committee asked management why reports were taking so long to complete.
  - Management advised that Council Officers were being asked to provide the same information on more than one occasion.
- The Committee asked why recommendations 5 and 9 on page 12 had longer implementation dates and if the dates were reasonable due to the important of the recommendations.
  - HLB Mann Judd advised that the 6-12 month implementation dates were ideal for a medium rated risk.
- The Committee raised concerns with the recommendation for the back-up restoration being rated as a medium rather than a high and further querying whether Council knows what is being backed up.
  - HLB Mann Judd advised that back-ups are performed, they're just not tested. Council has processes and plans in place to assist in reducing the risk to a medium.

### Actions Arising from the Committee Meeting

- Nil received - quorum not present.

## 11 General Business

### 11.1 Council Resolutions with reference to the ARMC

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.

#### Executive Summary

In accordance with Section 54 of the Local Government Act 2020, Council must prepare and approve an Audit and Risk Management Committee Charter and must also adopt an annual work program. The Charter was revised and an updated version adopted at the Council Meeting held on 15 March 2022.

At the Council Meeting held on 19 April 2022, Council resolved to approve the reappointment of David Kortum and Goran Mitrevski as independent members of the Audit and Risk Management Committee for a second 3 year term, and approve the reappointment of Goran Mitrevski to the position of Chair of the Audit and Risk Management Committee for the next 12 months.

#### Key Discussion Points

- Committee noted the report as presented.

#### Discussions and Questions from the Committee

- Nil received.

#### Actions Arising from the Committee Meeting

- Nil received.

## 11.2 Transferring to Microsoft Teams for Meetings

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.

### Executive Summary

Council is currently utilising a number of platforms to hold virtual meetings with internal and external stakeholders, however, Council will be reducing the number of these platforms to move towards an organisation approved single virtual meeting tool.

### Key Discussion Points

- Committee noted the report as presented.

### Discussions and Questions from the Committee

- Committee members will download to Microsoft Teams for future meetings.

### Actions Arising from the Committee Meeting

- Nil received.

## 12 Date of Next Meeting

**Next meeting:** Wednesday, 10 August 2022 at 4pm.

## 13 Meeting Closure

6.00pm