



**Notice is given that a Meeting of Council will be held on:**

**Date: Tuesday, 23 May 2023**

**Time: 3.00pm**

**Location: Loddon Shire Council Chambers, Wedderburn**

# **AGENDA**

## **Council Meeting**

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**OPENING COMMENT**

This meeting is being recorded and audio streamed via the Council website and Facebook.

**1 OPENING AFFIRMATION**

“We, the Councillors of the Loddon Shire, declare that we will carry out our duties in the best interests of the community, and through collective leadership will maintain the highest standards of good governance.”

**2 ACKNOWLEDGEMENT OF COUNTRY**

“The Loddon Shire Council acknowledges the Traditional Custodians of the land on which we are gathered and pays its respects to their Elders both past and present.”

**3 APOLOGIES****4 DECLARATIONS OF CONFLICT OF INTEREST**

**5 PREVIOUS MINUTES****5.1 CONFIRMATION OF MINUTES**

**File Number:** FOL/19/45615  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council confirm the Minutes of the following meetings as previously circulated to Councillors:

1. Council Briefing of 26 April 2023
2. Council Meeting of 26 April 2023
3. Council Forum of 9 May 2023.

**REPORT**

This report seeks Council confirmation of Minutes from the April 2023 Council Briefing and Council Meeting, and May 2023 Council Forum as previously circulated to Councillors.

**6 ADVISORY MEETINGS****6.1 RECORD OF ADVISORY MEETINGS**

**File Number:** 02/01/001  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council confirm records of the following as detailed within this report :

1. Council Briefing 26 April 2023
2. Council Forum 9 May 2023

Rule 51 of Council's Governance Rules requires a record of Councillor briefings, Councillor forums and advisory committees to be confirmed at scheduled Council meetings, and that the record include:

- a) a record of which Councillors attended the meeting;
- b) a summary of the matters considered in the meeting; and
- c) a record of any conflicts of interest disclosed by Councillors.

This report seeks confirmation of the following meetings and forums, conducted since the last scheduled meeting of Council and detailed within this report:

1. Council Briefing 26 April 2023
2. Council Forum 9 May 2023

Meeting details	Briefing	
Date	26 April 2023	
Councillor Attendees	Cr Beattie Cr Holt Cr Jungwirth Cr Murphy Cr Straub	
Staff/ Stakeholder representatives	<ol style="list-style-type: none"> <li>1. Lincoln Fitzgerald, Chief Executive Officer</li> <li>2. Wendy Gladman, Director Community Wellbeing</li> <li>3. Steven Phillips, Director Operations</li> <li>4. Amanda Wilson, Director Corporate</li> <li>5. Lisa Clue, Manager Governance</li> <li>6. Tracy Hunt, Governance Coordinator</li> <li>7. Jude Holt</li> <li>8. David Stretch, Tourism &amp; Economic Development</li> <li>9. Jonathan Rochwerger , Urban Enterprise</li> <li>10. Danielle Phyland, Urban Enterprise</li> <li>11. Deanne Caserta, Manager Financial Services</li> </ol>	<p>Item(s) discussed 1</p> <p>Item(s) discussed 2</p> <p>Item(s) discussed 2</p> <p>Item(s) discussed 2</p> <p>Item(s) discussed 6</p> <p>Item(s) discussed 7</p>
Item(s) discussed.	<ol style="list-style-type: none"> <li>1. Small Towns Policy Consultation</li> <li>2. Tourism Service Review Project</li> <li>3. Notice of Motion - Cr Straub - Select Committee Inquiry into Victoria's Recreational Native Bird Hunting Arrangements</li> <li>4. Chief Executive Officer Mid-Year Key Performance Indicator Update</li> <li>5. Notice of Motion - Cr Jungwirth - Climate Impacts Report</li> <li>6. Section 181 Sales Update - Sale of Properties for Unpaid Rates and Charges</li> <li>7. Planning Permit Application 5850 - Development of Four Dwellings and a Four Lot Subdivision At 71 Sullivan Street, Inglewood</li> <li>8. VNI West Consultation Report</li> </ol>	
Conflict of Interest Disclosures – Councillor/ officer making disclosure	Cr Wendy Murphy	Item 7
Councillor/officer left room	Cr Wendy Murphy	Item 7

Meeting details	Forum
Date	9 May 2023
Councillor Attendees	Cr Beattie Cr Holt Cr Jungwirth Cr Murphy Cr Straub
Staff/ Stakeholder representatives	Lincoln Fitzgerald, Chief Executive Officer Wendy Gladman, Director Community Wellbeing Lisa Clue, Acting Director Corporate Tracy Hunt, Governance Coordinator Deanne Caserta, Manager Financial Services Inese Bray, LG Valuation Services Mick Kelly, Valuer General Victoria Chris Earl, Director Loddon Herald Martin Mark, Community Development Officer Tracey Cox, Mitiamo Progress Association Inc Trina Freeman, Mitiamo Progress Association Inc Daniel Lloyd, Manager, Works Paul Scullie, Acting Manager, Community Support
Item(s) discussed.	<ol style="list-style-type: none"> <li>1. Small Towns Policy Consultation</li> <li>2. 2023/24 Property Valuations</li> <li>3. Loddon Herald Progress</li> <li>4. Mitiamo Community Plan 2023 - 2032 Presentation</li> <li>5. Victorian Road Maintenance Contract (VRMC) VicRoads Agreement</li> <li>6. Goldfields Library Corporation Service and Funding Agreement 1 July 2023 – 30 June 2025</li> <li>7. Pyramid Hill Community Centre</li> <li>8. Governance Rules Review</li> </ol>
Conflict of Interest Disclosures - Councillor/ officer making disclosure	n/a
Councillor/officer left room	n/a

**7 REVIEW OF ACTIONS****7.1 REVIEW OF ACTIONS**

**File Number:** 02/01/002  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** 1. Resolutions acted upon since the April 2023 Council Meeting

**RECOMMENDATION**

That Council receive and note resolutions acted upon since the April 2023 Council meeting as attached to this report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**REPORT**

A document containing the status of actions from Council meeting resolutions is attached to this report.

There were no outstanding actions from Council meeting resolutions prior to April 2023.

All actions from April 2023 Council meeting resolutions have been completed.



Council Action and Resolution Summary Sheet  
(Resolutions acted upon since the April 2023 Council Meeting)

Meeting	Officer/Director	Section	Subject
Council 26/04/2023	Johnston, Louise Phillips, Steven	Decision Reports	Planning Permit Application 5850 - Development of four dwellings and a four lot subdivision at 71 Sullivan Street, Inglewood
<p><b>RESOLUTION 2023/50</b></p> <p>Moved: Cr Gavan Holt Seconded: Cr Neil Beattie</p> <p>That the Responsible Authority having considered all matters which the Planning and Environment Act, 1987, requires it to consider, decides to issue a Notice of Decision to grant a planning permit 5850 to develop the land for four dwellings and a four lot subdivision at 71 Sullivan Street, Inglewood subject to the following conditions:</p> <p><b>1. AMENDED PLANS REQUIRED</b></p> <p>Before the development start(s), amended plans to the satisfaction of the responsible authority must be submitted to and approved by the responsible authority. When approved, the plans will be endorsed and will then form part of the permit. The plans must be drawn to scale with dimensions and three copies must be provided. The plans must be generally in accordance with <i>the plans submitted with the application</i> but modified to show:</p> <p>a) All windows on the south elevation of dwellings 2 &amp; 4 must be frosted glass to the satisfaction of the Responsible Authority</p> <p><b>2. LAYOUT NOT ALTERED</b></p> <p>The layout of the development on the endorsed plans must not be altered without the written consent of the Responsible Authority.</p> <p><b>3. SUBDIVISION LAYOUT</b></p> <p>The subdivision, as shown on the endorsed plan(s), must not be altered without the prior written consent of the Responsible Authority.</p> <p><b>4. COMPLETION OF LANDSCAPING</b></p> <p>Before the occupation of the development starts or by such later date as is approved by the Responsible Authority in writing, the landscaping works shown on the endorsed plans must be carried out and completed to the satisfaction of the Responsible Authority.</p> <p><b>5. LANDSCAPING MAINTENANCE</b></p> <p>The landscaping shown on the endorsed plans must be maintained to the satisfaction of the Responsible Authority, including that any dead, diseased or damaged plants are to be replaced.</p> <p><b>6. MINIMISING GLARE</b></p> <p>The exterior colour and cladding of the building(s) must be of a non-reflective nature to the satisfaction of the Responsible Authority.</p>			

**7. CONTROL OF LIGHT SPILL**

External lighting must be designed, baffled and located so as to prevent any adverse effect on adjoining land to the satisfaction of the Responsible Authority.

**8. MATERIALS**

All external materials must be non-reflective and finished in natural colours or shades to the satisfaction of the Responsible Authority.

**9. ENGINEERING PLANS**

Prior to commencement of any construction works associated with the subdivision and the development, detailed access & drainage construction plans must be submitted to and approved by Council. When approved, the plans will be endorsed and form part of the permit. The engineering plans must accord with the Infrastructure Design Manual. All works constructed or carried out must be in accordance with those approved plans and completed to a standard satisfactory to Council prior to the issuing of Statement of Compliance.

**10. DRAINAGE**

The whole of the subject land, including landscaped and paved areas, must be graded and drained to the satisfaction of the council as the responsible drainage authority so as to prevent the discharge of water from the subject land across any road or onto any adjoining land.

Prior to the design of any internal drainage system the owner/applicant must submit a Property Information Request and be issued a Legal Point of Discharge Permit to discharge stormwater.

**11. SEDIMENT POLLUTION CONTROL**

The developer must restrict sediment discharges from any construction sites within the land in accordance with Construction Techniques for Sediment Pollution Control (EPA 1991) and Environmental Guidelines for Major Construction Sites (EPA 1995).

**12. CONSENT FOR CONSTRUCTIONS**

Prior to the commencement of any works on the road reserve the owner/applicant must submit a Works in a Road Reserve application and be issued a permit to occupy the road for works.

**13. INFRASTRUCTURE STATUS**

All existing road reservation assets are to be protected and maintained throughout the works including all utilities and services. Any damage is to be restored prior to issuing of statement of compliance.

The internal driveway access shall be constructed to appropriate engineering standards approved by Council along with appropriate cut off table drains and cross culverts.

**14. STATEMENT OF COMPLIANCE**

Prior to issue of a Statement of Compliance for the subdivision, drainage, access and driveway works must be completed to satisfaction of Council in accordance with the approved plans.

**15. COLIBAN WATER**

The owner is required to provide reticulated water and sewerage services to each of the lots within the subdivision and comply with any requirements arising from any effect of the proposed development on Coliban Water assets. Services are to be provided in accordance with our specifications. Sewer mains extension will be required in the common property to provide sewerage services to each of the lots proposed in this subdivision.

All Coliban Water assets within the subdivision, both existing and proposed, are to be protected by an easement in favour of Coliban Region Water Corporation.

Before the issue of a Statement of Compliance for any stage of the subdivision under the Subdivision Act 1988, the owner of the land must make payment to Coliban Water of New Customer Contributions (NCCs). These contributions are based upon the number of additional allotments connected (or to be connected) to Coliban Water's water, sewer or recycled water networks. A quote will be supplied to the owner on the referral of the Certified plan of subdivision.

**16. POWERCOR**

This letter shall be supplied to the applicant in its entirety.

The plan of subdivision submitted for certification under the Subdivision Act 1988 shall be referred to the Distributor in accordance with Section 8 of that Act.

The applicant shall provide an electricity supply to all lots in the subdivision in accordance with the Distributor's requirements and standards.

**Notes:** Extension, augmentation or rearrangement of the Distributor's electrical assets may be required to make such supplies available, with the cost of such works generally borne by the applicant.

The applicant shall ensure that existing and proposed buildings and electrical installations on the subject land are compliant with the Victorian Service and Installation Rules (VSIR).

**Notes:** Where electrical works are required to achieve VSIR compliance, a registered electrical contractor must be engaged to undertake such works.

**17. TELECOMMUNICATION SERVICES**

The owner of the land must enter into an agreement with:

- a telecommunications network or service provider for the provision of telecommunication services to each lot shown on the endorsed plan in accordance with the provider's requirements and relevant legislation at the time; and
- a suitably qualified person for the provision of fibre ready telecommunication facilities to each lot shown on the endorsed plan in accordance with any industry specifications or any standards set by the Australian Communications and Media Authority, unless the applicant can demonstrate that the land is in an area where the National Broadband Network will not be provided by optical fibre.

Before the issue of a Statement of Compliance for any stage of the subdivision under the Subdivision Act 1988, the owner of the land must provide written confirmation from:

- a telecommunications network or service provider that all lots are connected to or are ready for connection to telecommunications services in accordance with the provider's requirements and relevant legislation at the time; and
- a suitably qualified person that fibre ready telecommunication facilities have been provided in accordance with any industry specifications or any standards set by the Australian Communications and Media Authority, unless the applicant can demonstrate that the land is in an area where the National Broadband Network will not be provided by optical fibre.

**18. PROVISION OF SERVICES**

The owner of the land must enter into agreements with the relevant authorities for the provision of water supply, drainage, sewerage facilities, electricity and gas services to each lot shown on the approved plan in accordance with the authority's requirements and relevant legislation at the time.

All existing and proposed easements and sites for existing or required utility services and roads on the land must be set aside in the plan of subdivision submitted for certification in favour of the relevant authority for which the easement or site is to be created.

The plan of subdivision submitted for certification under the Subdivision Act 1988 must be referred to the relevant authority in accordance with Section 8 of that Act.

**19. PERMIT EXPIRY**

This permit will expire if the permitted development is not started within two years of the date of this permit, or is not completed within four years of that date.

The Responsible Authority may extend these periods if a request is made in writing before the permit expires, or within six months afterwards (for a request to extend the time to commence the development) or twelve months after the permit expires (for a request to extend the time to complete the development).

**20. SUBDIVISION EXPIRY**

This permit will expire if the plan of subdivision is not certified within two years of the date of this permit.

The responsible authority may extend this period if a request is made in writing before the permit expires, or within six months afterwards.

Under section 7 of the Subdivision Act 1988, the plan of subdivision must be registered within five years of the date of certification.

**CARRIED**

**03 May 2023 1:21pm Johnston, Louise - Completion**  
Issued Notice-of-Decision.

<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Caserta, Deanne Wilson, Amanda	Decision Reports	Fees and Charges for the Year 1 July 2023 to 30 June 2024
<p><b>RESOLUTION 2023/51</b></p> <p>Moved: Cr Linda Jungwirth Seconded: Cr Wendy Murphy</p> <p>That Council</p> <ol style="list-style-type: none"> <li>1. Approves the Fees and Charges for the year 1 July 2023 to 30 June 2024 for the purposes of seeking public comment with the Draft Budget</li> <li>2. Provide preliminary notification of residential accommodation charge changes to tenants.</li> </ol> <p style="text-align: right;"><b>CARRIED</b></p> <p><b>03 May 2023 1:19pm Caserta, Deanne - Completion</b> Document placed out for public feedback as per resolution.</p>			

Meeting	Officer/Director	Section	Subject
Council 26/04/2023	Caserta, Deanne Wilson, Amanda	Decision Reports	Seeking Feedback for the 2023/24 Draft Annual Budget
<b>RESOLUTION 2023/52</b>			
Moved: Cr Linda Jungwirth			
Seconded: Cr Wendy Murphy			
That Council:			
<ol style="list-style-type: none"> <li>1. seek feedback on the Draft Annual Budget in accordance with the Community Engagement Policy</li> <li>2. adopt the proportion of rates raised within various valuation categories as follows:               <ul style="list-style-type: none"> <li>Rural Production to have a differential rate 12% lower than the General (Residential, Commercial and Other) differential rate</li> </ul> </li> <li>3. agree that the above distribution of rates raised demonstrates fairness and equity across the municipality</li> <li>4. implement a differential rate to be struck between categories of Rural Production and General as follows:               <ul style="list-style-type: none"> <li>• General (Residential, Commercial and Other) - 0.002137 Cents in the Dollar of Capital Improved Value</li> <li>• Rural Production - 0.001881 Cents in the Dollar of Capital Improved Value</li> </ul> </li> <li>5. apply a Municipal Charge of \$237 to all properties, except where an exemption has been granted for a Single Farm Enterprise under the Local Government Act 1989</li> <li>6. apply a Garbage Charge of \$401 per Residential Garbage Service (140 Litre Bin) and \$545 per Commercial Garbage Service (240 Litre Bin)</li> <li>7. apply a Kerbside Recycling Service Charge of \$151 per service (240 Litre Bin).</li> </ol>			
<b>CARRIED</b>			
<b>03 May 2023 1:19pm Caserta, Deanne - Completion</b>			
Document placed out for public feedback as per resolution.			

<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Gladman, Wendy Gladman, Wendy	Decision Reports	COMMUNITY SUPPORT POLICY FOR ADOPTION
<p><b>RESOLUTION 2023/53</b></p> <p>Moved: Cr Wendy Murphy Seconded: Cr Linda Jungwirth</p> <p>That Council</p> <ol style="list-style-type: none"> <li>1. adopt the Community Support Policy as attached to the Agenda report; and</li> <li>2. rescind the Major recreation reserve oval mower replacement assistance policy.</li> </ol> <p style="text-align: right;"><b>CARRIED</b></p> <p><b>08 May 2023 12:55pm Gladman, Wendy - Completion</b> The Community Support Policy has been finalised and added to Council's website. The Major recreation reserve oval mower replacement assistance policy has been removed from Council's website.</p>			

<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Caserta, Deanne Wilson, Amanda	Decision Reports	Review of the Procurement Policy v12
<p><b>RESOLUTION 2023/54</b></p> <p>Moved: Cr Neil Beattie Seconded: Cr Linda Jungwirth</p> <p>That Council adopts the Procurement Policy v12.</p>			<b>CARRIED</b>
<p><b>03 May 2023 1:20pm Caserta, Deanne - Completion</b> Document sent to Governance for finalisation and publishing to the website.</p>			



<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Caserta, Deanne Wilson, Amanda	Decision Reports	Finance Report for the quarter ending 31 March 2023
<b>RESOLUTION 2023/55</b>			
Moved: Cr Gavan Holt			
Seconded: Cr Wendy Murphy			
That Council			
<ol style="list-style-type: none"> <li>1. receives and notes 'Finance Report for the quarter ending 31 March 2023'</li> <li>2. approves budget revisions included in the report for internal reporting purposes only</li> <li>3. approves the supplementary valuations of rateable and non-rateable properties in respect of the 2022/23 financial year, as returned by the Shire Valuer, LG Valuations Pty Ltd, and endorses them being incorporated into the Register of Rateable and Non Rateable Properties and Rate Book for 2022/23.</li> </ol>			
<b>CARRIED</b>			
<b>03 May 2023 1:20pm Caserta, Deanne - Completion</b>			
For information.			

<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Mark, Martin Gladman, Wendy	Decision Reports	Community Planning Committee Formal Recognition - Boort and Yarrowalla
<p><b>RESOLUTION 2023/56</b></p> <p>Moved: Cr Neil Beattie                      Seconded: Cr Gavan Holt</p> <p>That Council formally recognises the following two organisations as the Community Planning Committees for their respective communities:</p> <ol style="list-style-type: none"> <li>1. Boort Tourism and Development Inc.</li> <li>2. Yarrowalla Community Planning Committee Inc.</li> </ol> <p style="text-align: right;"><b>CARRIED</b></p> <p><b>03 May 2023 1:29pm Mark, Martin - Completion</b>                      Confirmation letters sent to relevant community planning committees on Tuesday 2/5/23.</p>			

<b>Meeting</b>	<b>Officer/Director</b>	<b>Section</b>	<b>Subject</b>
Council 26/04/2023	Fitzgerald, Lincoln Fitzgerald, Lincoln	Compliance Reports	Notice of Motion - Cr Straub - Inquiry into Victorian Recreational Native Bird Hunting Arrangements
<b>RESOLUTION 2023/57</b>			
Moved: Cr Dan Straub			
Seconded: Cr Neil Beattie			
That Council submit to the Select Committee Inquiry into Victoria’s Recreational Native Bird Hunting Arrangements outlining:			
<ol style="list-style-type: none"> <li>1. The positive economic impact duck hunting has upon the local community.</li> <li>2. The positive mental health impact of this activity for many people in our community.</li> <li>3. That duck hunting is a long standing tradition for many families within our Shire and visitors to our Shire.</li> </ol>			
<b>CARRIED</b>			
<b>08 May 2023 8:52pm Colls, Renae - Completion</b>			
Completed			

**8 MAYORAL REPORT**

**8.1 MAYORAL REPORT**

**File Number:** 02/01/001  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the Mayoral Report.

**REPORT**

The Mayor will present a verbal report at the meeting.

**Cr Straub**

<b>Loddon Campaspe Councils</b>	
<b>Murray River Group of Councils</b>	
<b>North Central Goldfields Regional Library</b>	
<b>North Central Local Learning and Employment Network</b>	
<b>Rural Councils Victoria</b>	
<b>Section 65 Community Asset Committees:</b>	
East Loddon Community Centre	
Pyramid Hill Memorial Hall	
<b>Other Council activities</b>	
<b>Date</b>	<b>Activity</b>

**9 COUNCILLORS' REPORT**

**9.1 COUNCILLORS' REPORTS**

**File Number:** 02/01/001  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the Councillors' reports.

**REPORT**

Each Councillor will present a verbal report at the meeting.

**Cr Beattie**

<b>Rail Freight Alliance</b>	
<b>Section 65 Community Asset Committees:</b>	
Boort Aerodrome	
Boort Memorial Hall	
Boort Park	
Korong Vale Mechanics Hall	
Korong Vale Sports Centre	
Little Lake Boort	
Yando Public Hall	
<b>Other Council activities</b>	
<b>Date</b>	<b>Activity</b>

**Cr Holt**

<b>Municipal Association of Victoria</b>	
<b>Audit and Risk Committee</b>	
<b>Section 65 Community Asset Committees:</b>	
Donaldson Park	
Wedderburn Community Centre	
Wedderburn Engine Park and Market Square Reserve	
Wedderburn Mechanics and Literary Institute Hall	
Hard Hill Tourist Reserve	
<b>Other Council activities</b>	
<b>Date</b>	<b>Activity</b>

**Cr Jungwirth**

<b>Australia Day Committee</b>	
<b>Central Victorian Greenhouse Alliance</b>	
<b>Municipal Emergency Management Planning Committee</b>	
<b>Other Council activities</b>	
<b>Date</b>	<b>Activity</b>

**Cr Murphy**

<b>Calder Highway Improvement Committee</b>	
<b>Local Government Women’s Charter</b>	
<b>Healthy Minds Network</b>	
<b>Section 65 Community Asset Committees:</b>	
Campbells Forest Hall	
Inglewood Community Sports Centre	
Inglewood Community Elderly Persons Units	
Inglewood Town Hall Hub	
<b>Other Council activities</b>	
<b>Date</b>	<b>Activity</b>

**10 DECISION REPORTS****10.1 AUDIT AND RISK COMMITTEE CHARTER****File Number:****Author:** Tracy Hunt, Governance Coordinator**Authoriser:** Lisa Clue, Manager Governance**Attachments:** 1. Audit and Risk Committee Charter - 2023-2025**RECOMMENDATION**

That Council approve the Audit and Risk Committee Charter 2023 – 2025.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION**

Council most recently approved a version of the Audit and Risk Committee Charter at its meeting held 23 August 2022.

**BACKGROUND**

The Audit and Risk Committee Charter (the Charter) is required under Section 54 of the *Local Government Act 2020* (the Act). The Charter is the governing document for the Audit and Risk Committee (ARC), ensuring that all ARC roles and responsibilities under the Act are met.

**ISSUES/DISCUSSION**

Officers undertook a review of the Charter, including:

- realignment of the Internal Control Environment and Work Plan to be consistent with financial year reporting and compliance,
- providing for a summary of ARC meetings rather than Minutes to be provided to Council,
- a number of administrative amendments, such as consistent use of terminology and language, and
- alignment of the Charter to a number of strategic documents and policies.

The ARC endorsed the Audit and Risk Committee Charter 2023-2025 at its meeting on 1 May 2023.

Since the ARC meeting on 1 May 2023 - in order to clarify the intent of *Section 9 | Reporting to Council* of the Charter - the following wording has been updated:

*Wording contained within the ARC endorsed Charter:*

A summary of each ARC meeting will be reported at the next meeting of the Council including the activities of the Committee and its findings and recommendations, in accordance with section 54(5) of the Act.

*Clarified Wording:*

A summary of each ARC meeting will be reported at the next meeting of the Council.

A biannual audit and risk report including the activities of the Committee and its findings and recommendations, will be tabled at the next meeting of Council in accordance with section 54(5) of the Act.



Appendix 3: 2023-24 Annual Work Plan of the Charter has been updated to reflect this clarification. Members of the ARC have been advised of the changes.

**COST/BENEFITS**

The benefit of endorsing the Charter is that it is aligned to the requirements of the Act, and the associated work plan provides a clear roadmap for the ARC activities.

There is no expectation that this report will incur any costs.

**RISK ANALYSIS**

There are no risks associated with this report.

**CONSULTATION AND ENGAGEMENT**

A number of Council Officers have been involved in reviewing the current Audit and Risk Committee Charter 2023-2025.

The ARC endorsed the Audit and Risk Committee Charter 2023-2025 at its meeting on 1 May 2023.

# LODDON SHIRE COUNCIL

## AUDIT AND RISK COMMITTEE CHARTER 2023-2025



## DOCUMENT INFORMATION

DOCUMENT TYPE:	Controlled document
DOCUMENT STATUS:	Approved
POLICY OWNER POSITION:	Director Corporate
INTERNAL COMMITTEE ENDORSEMENT:	Audit and Risk Committee
APPROVED BY:	Council
DATE ADOPTED:	23/05/2023
VERSION NUMBER:	11
REVIEW DATE:	23/05/2025
DATE RESCINDED:	
RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	Risk Management Framework Risk Management Policy Anti Fraud and Corruption Policy
RELATED LEGISLATION:	Local Government Act 2020
EVIDENCE OF APPROVAL:	

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Signed by Chief Executive Officer

### FILE LOCATION:

**Strategic documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the Loddon Shire website to ensure that the version you are using is up to date.**

**This document is available in alternative formats (e.g. larger font) if requested.**

## ACKNOWLEDGEMENT OF COUNTRY

**Loddon Shire Council acknowledges the Traditional Custodians of the land comprising the Loddon Shire Council area. Council would like to pay its respect to Elders both past and present.**

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## 1 PURPOSE

Loddon Shire Council has established an Audit and Risk Committee (ARC) pursuant to Section 53 of the *Local Government Act 2020* (the Act) to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, maintenance of a sound internal control environment, assurance activities including internal and external audit and Council's performance with regard to compliance with its policies and legislative and regulatory requirements. It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in this Charter. This Charter has been developed in accordance with Section 54 of the Act.

The appointment of independent members to the Committee as outlined in this Charter enables the Committee to provide advice to Council on matters related to its responsibilities based on broader skills and experience than might otherwise be the case and in so doing bring additional benefits to Council.

The Committee has no executive authority and no delegated financial responsibilities and is therefore independent of management.

## 2 BUDGET IMPLICATIONS

The ARC is funded from the operational budget. The benefit of an audit and risk committee charter is compliance with the Local Government Act and good governance.

## 3 RISK ANALYSIS

The risks of implementing this charter are low and outweighed by the benefits of compliance and good governance.

## 4 AUTHORITY

### 4.1 Authority

The ARC is directly responsible to Council for discharging its responsibilities as set out in this Charter. The Committee has no delegated authority from Council unless specifically provided by Council from time to time and any such authority shall be temporary and may only relate to specific matters as directed by Council.

The Committee has the authority to:

- 4.1 endorse key documents and reports that must be approved by Council, including annual financial reports, annual performance statements, new or revised policies and other documents that assist in maintaining a strong internal control environment
- 4.2 approve internal and external audit plans, including internal audit plans with an outlook of greater than one year
- 4.3 provide advice and make recommendations to Council on matters within its areas of responsibility
- 4.4 retain counsel of relevant independent experts where it considers that is necessary in order to execute its responsibilities, subject to prior agreement with the Chief Executive Officer
- 4.5 seek any relevant information it requires from Council, Council Officers (who are expected to co-operate with the Committee's requests) and external parties
- 4.6 meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities.

The Committee will, through the Chief Executive Officer, have access to appropriate management support to enable it to discharge its responsibilities effectively.

## 5 MEMBERSHIP AND TENURE

### 5.1 Composition

The ARC will consist of five members appointed by Council, four of whom must be independent members. Details of membership and tenure are set out in **APPENDIX 1**.

### 5.2 Independent Members

Independent members:

- 5.2.1 will be appointed for four-year terms
- 5.2.2 may be reappointed for two additional four-year terms subject to satisfactory performance, that is, a maximum of twelve years
- 5.2.3 must collectively have expertise in financial management and reporting and risk management and also experience in public sector management
- 5.2.4 term of appointment will be set so that as far as possible only one member retires at a time in order to minimise the loss of knowledge of Council's business that may occur on change of membership
- 5.2.5 remuneration will be paid as approved by Council from time to time
- 5.2.6 must not be employees of Loddon Shire Council.

- 5.2.7 Council will indemnify and keep indemnified each independent member of the Committee against all actions or claims whether arising during or after their term of appointment in respect of anything necessarily done or reasonably done or omitted to be done in good faith:
- a) in the performance of a duty or function or the exercise of any matter under the Act, regulations, a local law or this Charter
  - b) in the reasonable belief that the action or omission was in the performance of a duty or a function or the exercise of a matter under the Act, regulations, a local law or this Charter
- 5.2.8 An online ARC Induction module is set up for new members to complete upon appointment to the Audit and Risk Committee.

### 5.3 Councillor Members

- 5.3.1 A substantive and alternate Councillor member will be appointed to the ARC by Council at its meeting to elect the Mayor held annually
- 5.3.2 Should the appointed Councillor member not be able to attend a Committee meeting, the alternate member must attend, either on a meeting by meeting basis or for the entire year
- 5.3.3 Councillors appointed to the Committee for the first time will also be invited to complete the online ARC Induction module.

### 5.4 Chairperson

- 5.4.1 The Chairperson of the ARC must be an independent member
- 5.4.2 Council will appoint the Chairperson of the Committee on recommendation of the Committee
- 5.4.3 If the Chairperson is unable to attend a meeting, the members in attendance at the meeting will appoint a Chairperson by resolution for that meeting from among the attending members.

### 5.5 Role of the Chairperson

The Chairperson of the ARC will:

- 5.5.1 in consultation with the CEO (or delegate), set the matters to be included on the agenda for each meeting of the Committee
- 5.5.2 chair all meetings of the Committee
- 5.5.3 be responsible for ensuring that meetings are conducted in an appropriate manner
- 5.5.4 participate in the appointment of Council's internal audit service provider
- 5.5.5 provide clearance for summary of Committee meetings to be provided to Council
- 5.5.6 lead the annual evaluation of the Committee's performance and report on the outcomes to Council through the CEO.

### 5.6 Obligations

The ARC members are expected to be aware of their obligations under Section 53 of the Act. These obligations relate to misuse of position as a member of the Committee (Section 123), confidential information (Section 125) and conflict of interest (Sections 126 to 131). Details of these obligations are included in **APPENDIX 2** to this Charter.

## 5.7 Remuneration

Councillors appointed to the ARC by Council are not remunerated for their time on the Committee.

Remuneration will be paid to each Independent Committee member in accordance with Section 53(6) of the Act.

A letter of offer must be signed by the Council and co-signed by the Independent Committee members acknowledging acceptance of the roles. The letter must describe any remuneration arrangements and be signed prior to appointment to the Committee.

## 6 MEETINGS

### 6.1 General

- 6.1.1 The ARC will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
- 6.1.2 A schedule of meetings will be developed annually and agreed by members.
- 6.1.3 All Committee members are expected to attend each meeting in person, although in special circumstances members can attend through electronic means
- 6.1.4 The Committee will invite relevant staff via the Director Corporate who were involved or responsible for the latest Internal Audit review and its recommendation/s as appropriate to attend meetings.
- 6.1.5 Committee members and the internal and external auditors can request the Chairperson to convene additional meetings if they feel that is justified to address unexpected matters that may have arisen.
- 6.1.6 Meeting agendas and appropriate briefing materials will be compiled and provided to members at least one week before each meeting.
- 6.1.7 Minutes will be prepared for all meetings.
- 6.1.8 A report on the status of actions generated during meetings will be presented to each Committee meeting.

### 6.2 Quorum for Meetings

A quorum shall comprise one Councillor and two independent members. The CEO is not required to be present for a quorum to be achieved.

### 6.3 Preparation for Meeting

The ARC members are obligated to prepare for participation in meetings. If a Committee member is attending via video/audio conferencing they will retain full voting rights.

### 6.4 Required attendance

The Chief Executive Officer and the Director Corporate (or their delegate in exceptional circumstances) must attend all meetings in full, except for relevant confidential matters.

## 7 RESPONSIBILITIES

The ARC's responsibilities are documented in the Audit and Risk Committee Annual Work Plan in **APPENDIX 3**. This Plan includes frequency and timing of reports to the Committee. The Committee's Charter reference numbers appear in the Annual Work Plan illustrating the relationship between the Work Plan and Charter. The Annual Work Plan is supported by the Internal Control Environment Plan (**APPENDIX 4**).



The Committee will carry out the following responsibilities:

### **7.1 Financial and Performance Reporting**

- 7.1.1 Review significant changes in accounting standards and reporting
- 7.1.2 Review changes to the Local Government Performance Reporting Framework (LGPRF) / Local Government Model Sector Performance Report (LGMSPR)
- 7.1.3 Review outcomes of the external audits with management and the auditors
- 7.1.4 Review and recommend to Council the adoption of the annual financial statements and annual performance statements
- 7.1.5 Review quarterly finance report (including Income Statement, Balance Sheet, Statement of Cash Flow and Statement of Capital Works) – September, December and March quarters
- 7.1.6 Review reimbursement of Councillor expenses in accordance with section 40(2) of the Act.

### **7.2 Internal Control Environment**

- 7.2.1 Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment
- 7.2.2 Determine whether systems and controls are reviewed regularly and updated where required (Refer to the Audit and Risk Committee Internal Control Environment (ICE) Plan in **APPENDIX 4** for identified relevant policies)
- 7.2.3 Review significant changes to key systems and consider impact of changes on Council's risk profile
- 7.2.4 Ensure a program is in place to test compliance with systems and controls
- 7.2.5 After Council's Governance Principles have been defined, assess whether the internal control environment is consistent with Council's Governance Principles.

### **7.3 Risk Management**

- 7.3.1 Review the effectiveness of Council's Risk Management Framework
- 7.3.2 Review Council's Risk Appetite Statement and the degree of alignment with Council's risk profile
- 7.3.3 Review and approve strategic risks to Council's operations, including their likelihood and consequence of occurring and risk mitigation strategy
- 7.3.4 Review and endorse Council's overall risk profile, including very high and high rated risks and risk treatment plans in place and new and emerging risks
- 7.3.5 Review operational risks
- 7.3.6 Review the insurance programme annually prior to renewal
- 7.3.7 Review the Business Continuity Framework and testing regime.

### **7.4 Fraud Prevention Systems and Controls**

- 7.4.1 Review Council's Fraud Prevention policies and controls
- 7.4.2 Review Council's fraud control plan and awareness programme
- 7.4.3 Review reports on any instances of unethical behaviour, fraud or corruption
- 7.4.4 Review actions taken to report any incidents of fraudulent or corrupt behaviour to the appropriate integrity bodies.

### **7.5 Internal Audit**

- 7.5.2 Review and approve the strategic and internal audit plans
- 7.5.3 Review status of delivery of strategic internal audit plan
- 7.5.4 Review scopes of proposed internal audit reviews
- 7.5.5 Review reports on internal audit reviews
- 7.5.6 Meet with internal auditor in the absence of management
- 7.5.7 Review progress by management on open audit recommendations
- 7.5.8 Review the effectiveness of the internal audit function
- 7.5.9 Recommend to Council, if necessary, the termination of the internal audit contractor.

### **7.5 External Audit**

- 7.6.1 Review and approve the external audit scope and plan
- 7.6.2 Discuss any audit issues encountered during the course of the interim audit
- 7.6.3 Discuss any audit issues encountered during the course of the final audit
- 7.6.4 Ensure that management responses to any audit findings are appropriate and timely
- 7.6.5 Review the effectiveness of the external audit function
- 7.6.6 Review other VAGO performance audit reports for impacts on Council
- 7.6.7 Meet with the external auditor in the absence of management.

### **7.6 Compliance Management**

- 7.7.1 Review systems and processes to monitor compliance with legislation and regulations and management follow up of instances of non-compliance
- 7.7.2 Review processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code
- 7.7.3 Obtain briefings on any significant compliance matters
- 7.7.4 Review Gifts, Benefits and Hospitality Register
- 7.7.5 Consider reports on investigations undertaken by regulatory and integrity agencies relevant to Council (whether related to investigations at Loddon Shire Council or other councils/organisations), such as the Ombudsman, IBAC, Local Government Inspectorate, etc. and monitor Council's responses.

## **8 PERFORMANCE EVALUATION**

The ARC shall undertake a process to evaluate its performance annually in accordance with the survey in **APPENDIX 5** and report the outcomes of the evaluation process to Council through the Chief Executive Officer, including recommendations for any opportunities for improvement.

The evaluation will include feedback from both Committee members and senior officers who have regular interactions with the Committee.

## **9 REPORTING TO COUNCIL**

A summary of each ARC meeting will be reported at the next meeting of the Council.

A biannual audit and risk report including the activities of the Committee and its findings and recommendations, will be tabled at the next meeting of Council in accordance with section 54(5) of the Act.

## **10 REVIEW OF THE CHARTER**

The ARC shall review and assess the adequacy of this Charter every two years or earlier if necessary and submit a revised document to Council for approval through the Chief Executive Officer.

## 11 COSTING AND FUNDING OF ACTIONS

**Table 1: Audit and Risk Committee Costs**

<b>Action</b>	<b>Cost of project</b>	<b>Total expected funding</b>	<b>Net cost to Council</b>	<b>Proposed funding source</b>	<b>Completion timeframe</b>
Maintain appropriately skilled and experienced independent members	Remuneration as approved by Council Travel reimbursement as approved by Council Catering costs Training costs	0	As approved in budget	Not applicable	Annually
Engage internal auditors	4 year contract	0	As approved in budget	Not applicable	Annually

## APPENDIX 1: TERMS OF APPOINTMENT

### 1. CHAIRPERSON

The current Chairperson is Rod Baker.

The term of the current Chairperson is to 28 February 2024 or the date of the Meeting of Council in February 2024 where resolution for appointment of Chairperson for the new term will be made, whichever is the earlier.

### 2. COMMITTEE MEMBERS

Details of membership and tenure are set out below:

**Table 2: Details of membership**

Member	Appointment date	End of current term
Rod Baker	1 May 2020	30 April 2024
Rachelle Tippett	1 May 2021	30 April 2025
Rod Poxon	1 May 2018	30 April 2026
Vacant		

*\*These are four-year terms to ensure only one committee member term expires per year.*

### 3. COUNCIL REPRESENTATIVES

The current Councillor representatives are:

- **Substantive:** Councillor Gavan Holt for the period from 8 November 2022 to the date of the special meeting of Council to elect the Mayor conducted annually
- **Alternate:** Councillor Neil Beattie for the period from 8 November 2022 to the date of the special meeting of Council to elect the Mayor conducted annually.

### 4. REVIEW

Appendix 1 is updated in approximately April each year following the confirmation by Council of:

- the appointment of the Chairperson and
- the appointment of the new independent member and
- appointment of the substantive and alternate Councillor.

## APPENDIX 2: COMMITTEE MEMBER REGULATORY OBLIGATIONS

### Guidance to Members

LGA Section	LGA Requirement
<b>Misuse of Position</b>	
123(1)	A Committee member must not intentionally misuse their position to: <ul style="list-style-type: none"> <li>a) Gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or</li> <li>b) Cause, or attempt to cause, detriment to the Council or another person</li> </ul>
123(3)	Circumstances involving misuse of a position by a member of the Committee include: <ul style="list-style-type: none"> <li>a) Making improper use of information acquired as a result of being a member of the Committee; or</li> <li>b) Disclosing information that is confidential information; or</li> <li>c) Directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff; or</li> <li>d) Exercising or performing, or purporting to exercise or perform, a power, duty or function that the person is not authorised to exercise or perform; or</li> <li>e) Using public funds or resources in a manner that is improper or unauthorised; or</li> <li>f) Participating in a decision on a matter in which the member has a conflict of interest.</li> </ul>
<b>Confidential Information</b>	
125	A member of the Committee must not intentionally or recklessly disclose information that the member knows, or should reasonably know, is confidential information. There are some exemptions to this requirement, the key one being that if the information disclosed by the member has been determined by Council to be publicly available.
<b>Conflicts of Interest</b>	
126	A member of the Committee has a conflict of interest if the member has: <ul style="list-style-type: none"> <li>a) A general conflict of interest as described in Section 127; or</li> <li>b) A material conflict of interest as described in Section 128.</li> </ul>
127	A member of the Committee has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the members private interests could result in that member acting in a manner that is contrary to their public duty as a member of the Committee.
128	A member of the Committee has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter.
<p><b>Please Note</b></p> <p><i>The above guidance is not verbatim from the Act and does not include all details as explained in Part 6, Division 1 of the Act. For a full understanding of the requirements of the Act in relation to the matters summarised above, members are expected to make themselves fully aware of the requirements of the Act.</i></p>	

## APPENDIX 3: 2023-24 ANNUAL WORK PLAN

No.	Charter Requirement	Charter Ref.	Timing	2023		2024	
				Aug	Nov	Feb	May
<b>Membership and tenure</b>							
1	Appointment of Chair (for current year)	5.4.2	Annually			✓	
<b>Meetings</b>							
2	Develop annual schedule of meetings	6.1.2	Annually				✓
3	Review status of actions generated during ARC meetings	6.1.8	Quarterly	✓	✓	✓	✓
<b>Financial &amp; Performance Reporting</b>							
4	Review significant changes in accounting standards and reporting	7.1.1	Annually			✓	
5	Review changes to Local Government Performance Reporting Framework (LGPRF)	7.1.2	Annually				✓
6	Review outcomes of the external audit with management and the auditors	7.1.3	Annually	✓			
7	Review and recommend to Council the adoption of the annual financial statements and annual performance statements	7.1.4	Annually	✓			
8	Review quarterly finance report	7.1.5	Quarterly		✓	✓	✓
9	Review reimbursement of Councillors expenses	7.1.6	Quarterly	✓	✓	✓	✓
<b>Internal Control Environment</b>							
10	Review the adequacy and effectiveness of key policies, systems and controls - Refer to ICE Plan	7.2.1, 7.2.2 & 5.7	Quarterly	✓	✓	✓	✓
11	Review significant changes to key systems and consider impact of changes on Council's risk profile	7.2.3	Annually			✓	
12	Ensure a program is in place to test compliance with systems and controls	7.2.4	Annually			✓	
13	Assess whether the internal control environment is consistent with Council's Governing Principles	7.2.5	Annually		✓		
<b>Risk Management</b>							
14	Review the effectiveness of Council's Risk Management Framework	7.3.1	Annually				✓
15	Review Council's Risk Appetite Statement	7.3.2	Annually				✓
16	Review and approve strategic risks to Council's operations	7.3.3	Half Yearly		✓		✓
17	Review and endorse Council's overall risk profile	7.3.4	Half Yearly	✓		✓	
18	Review operational risks	7.3.5	Annually				✓
19	Review the insurance programme	7.3.6	Annually			✓	
20	Review the Business Continuity Framework and testing regime	7.3.7	Annually			✓	
<b>Fraud Prevention Systems &amp; Controls</b>							
21	Review Council's fraud prevention policies and controls	7.4.1	Two-yearly			✓	
22	Review Council's fraud control plan and awareness programme	7.4.2	Annually			✓	
23	Review reports on any instances of unethical behaviour, fraud and corruption	7.4.3	Quarterly	✓	✓	✓	✓
24	Review actions taken to report any incidents of fraudulent or corrupt behaviour to the appropriate integrity bodies	7.4.4	Quarterly	✓	✓	✓	✓

No.	Charter Requirement	Charter Ref.	Timing	2023		2024	
				Aug	Nov	Feb	May
<b>Internal Audit</b>							
25	Review and approve the strategic and internal audit plans	7.5.2	Annually				✓
26	Review status of delivery of strategic internal audit plan	7.5.3	Quarterly	✓	✓	✓	✓
27	Review scopes of proposed internal audit reviews	7.5.4	Quarterly	✓	✓	✓	✓
28	Review reports on internal audit reviews	7.5.5	Quarterly	✓	✓	✓	✓
29	Meet with internal auditor in the absence of management	7.5.6	Annually	✓			
30	Review progress by management on open audit recommendations	7.5.7	Quarterly	✓	✓	✓	✓
31	Review the effectiveness of the internal audit function	7.5.8, 7.5.9	Annually				✓
<b>External Audit</b>							
32	Review and approve the external audit scope and plan	7.6.1	Annually			✓	
33	Discuss any audit issues encountered during the course of the interim audit	7.6.2	Annually				✓
34	Discuss any audit issues encountered during the course of the final audit	7.6.3	Annually	✓			
35	Ensure that management responses to any audit findings are appropriate and timely	7.6.4	Quarterly	✓	✓	✓	✓
36	Review the effectiveness of the external audit function	7.6.5	Annually		✓		
37	Review other VAGO performance audit reports for impacts on Council	7.6.6	Quarterly	✓	✓	✓	✓
38	Meet with the external auditor in absence of management	7.6.7	Annually	✓			
<b>Compliance Management</b>							
39	Review systems and processes to monitor compliance with legislation and regulations	7.7.1	Annually		✓		
40	Review processes for communicating Council's Employee Code of Conduct	7.7.2	Annually			✓	
41	Obtain briefings on any significant compliance matters	7.7.3	Half Yearly	✓		✓	
42	Review Gifts, Benefits and Hospitality Register	7.7.4	Annually			✓	
43	Consider reports on investigations undertaken by regulatory and integrity agencies relevant to Council	7.7.5	Quarterly	✓	✓	✓	✓
<b>Performance Evaluation</b>							
44	Evaluate Committee performance and report outcomes to Council	8	Annually				✓
<b>Reporting to Council</b>							
45	Report summary of Committee activities to Council	9	Quarterly	✓	✓	✓	✓
46	Biannual audit and risk report of activities	9	Half Yearly		✓		✓
<b>Review of Charter</b>							
47	Review the ARC Charter and submit to Council for approval	10	Two-yearly				✓

## 1. REVIEW

Appendix 3 will be reviewed annually in preparation for the upcoming financial year.

## APPENDIX 4: INTERNAL CONTROL ENVIRONMENT (ICE) PLAN

Supply to ARC?	Document name	Estimated review date			
		Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27
No.	Item to be Reviewed				
<b>Governance</b>					
Yes	Delegations of Authority	✓	✓	✓	✓
No	Councillor Code of Conduct		✓		
Yes	Privacy Policy		✓		✓
No	Child Safe Policy				
Yes	Public Interest Disclosure Policy			✓	
Yes	Governance Principles				✓
Yes	Committee Asset Committee Policy				✓
Yes	Performance Reporting Framework				✓
<b>Human Resource Management</b>					
No	Documents reviewed by Staff Consultative Committee				
<b>Finance &amp; Accounting</b>					
Yes	Investment Policy		✓		
Yes	Financial Reserves Policy	✓			
Yes	Procurement Policy			✓	
Yes	Councillor Expenses and Support Policy			✓	
Yes	Borrowing Policy	✓			
Yes	Revenue and Rating Plan		✓		
<b>Risk Management</b>					
Yes	Risk Management Policy				✓
Yes	Risk Management Framework				✓
Yes	Risk Management Implementation Plan	✓	✓	✓	✓
Yes	Business Continuity Management Policy				✓
Yes	Business Continuity Plans	✓	✓	✓	✓
Yes	Disaster Recovery Plans	✓	✓	✓	✓
Yes	Cyber Security Policy		✓		
Yes	Occupational Health and Safety Policy				✓
<b>Fraud Prevention Systems &amp; Controls</b>					
Yes	Anti Fraud and Corruption Policy				✓
Yes	Fraud Control Plan				✓
Yes	Fraud Risk Self Assessment				✓
<b>Compliance Management</b>					
Yes	Compliance Management Policy			✓	
Yes	Compliance Management Framework			✓	
Yes	Compliance Management Plan			✓	
Yes	Councillor Gift Policy		✓		

### 1. REVIEW

Appendix 4 will be reviewed annually in preparation for the upcoming financial year.



## APPENDIX 5: AUDIT AND RISK COMMITTEE SELF-ASSESSMENT SURVEY

Performance for the Year Ended 30 June 2022

Rating Scale	1 = Strongly Disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly Agree	N/A = Not Applicable
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### Your Ratings of Performance

Comments are expected from respondents in the spaces provided at the end of each section where Ratings of 1. or 2. are given. This will assist in the identification of opportunities for improvement. It is expected that all questions will be applicable, so use of N/A ratings should be avoided wherever possible.

ID	Questions	Ratings [Tick boxes as appropriate]					
		1	2	3	4	5	N/A
<b>A. Audit Committee Charter</b>							
1	The Charter clearly articulates the Committee's roles and responsibilities and provides it with the necessary authority to discharge them						
2	The Charter facilitates and supports the effective operation of the Committee						
3	During the past year, the Committee has adequately addressed all of its responsibilities as detailed in the Charter						
4	The Charter ensures the Committee is sufficiently independent from the management of Council						
	<b>Totals</b>						
<i>Comments / Suggestions for Improvement</i>							
•							
<b>B. Skills and Experience</b>							
5	The Committee has the desired mix of skills to allow it to effectively discharge its responsibilities						
6	The Committee has been able to analyse and critically evaluate information presented to it by management						
7	There is a clear process that Committee members can follow to access advice and /or training to improve their skills and knowledge						
8	The Committee's collective skills are adequate in light of its responsibilities						
9	The Committee has responded appropriately where significant risks and/or control breakdowns have been brought to its attention						
10	The Committee has shown an openness to new ideas and different views in its deliberations						
11	The Committee has been sufficiently probing and challenging in its deliberations.						
	<b>Totals</b>						
<i>Comments / Suggestions for Improvement</i>							
<b>C. Understanding the Business</b>							
12	The Committee has an adequate understanding of Council's:						
	- Risk management framework and risk profile						
	- Internal control framework to mitigate significant risks						
	- Financial and statutory reporting requirements						
13	The Committee receives appropriate briefings on:						
	- Current and emerging business risks						
	- Changes in financial reporting requirements						
	- Changes in performance reporting requirements						
	- Integrity Agency reports						
	- Changes in the business/regulatory environment						
	<b>Totals</b>						
<i>Comments / Suggestions for Improvement</i>							
•							
<b>D. Meeting Administration and Conduct</b>							
14	The Committee has had an appropriate number of meetings to properly discharge its responsibilities						
15	Agendas are structured to allow sufficient time to discuss all critical issues						

ID	Questions	Ratings [Tick boxes as appropriate]					
		1	2	3	4	5	N/A
16	The Committee receives agendas and supporting papers in sufficient time prior to meetings						
17	Agendas and supporting papers are of sufficient clarity and quality to enable the Committee to make informed decisions						
18	Committee meetings are well run and productive						
19	Committee minutes are appropriately maintained and provided to Council on a timely basis						
<b>Totals</b>							
<i>Comments / Suggestions for improvement</i>							
•							
<b>E. Communications with Council</b>							
20	Committee communications to Council about its deliberations and decisions are appropriate.						
21	Committee reports to Council on its activities are appropriate						
<b>Totals</b>							
<i>Comments / Suggestions for improvement</i>							
•							
<b>F. Management Commitment &amp; Support</b>							
22	Information and briefing papers presented by management meet the Committee's expectations in respect of:						
	- Council's risk profile and mitigating actions for key risks						
	- Maintenance of a strong internal control environment that is effective in mitigating key risks						
	- Management of Council's compliance and regulatory obligations						
	- Council's external reporting requirements						
23	The Committee has a positive attitude to continuous improvement in its dealings with management						
<b>Totals</b>							
<i>Comments / Suggestions for improvement</i>							
•							
<b>G. Internal Audit</b>							
24	The Committee reviewed and approved the internal audit plan						
25	The Committee considered the adequacy of internal audit resources						
26	The Committee reviewed and approved any significant changes to the internal audit plan						
27	The Committee considered the performance of the internal audit function						
28	The Committee reviewed all internal audit reports and monitored management responses to recommendations						
29	The Committee reviewed the Audit and Risk Committee Charter to ensure that appropriate structures, authority, access and reporting arrangements are in place for the internal audit function						
<b>Totals</b>							
<i>Comments / Suggestions for improvement</i>							
•							
<b>H. External Audit</b>							
30	The Committee reviewed and approved the external audit plan						
31	The Committee reviewed external audit reports and management letters and monitored management responses to findings and recommendations made by external audit						
32	The Committee provided feedback on the performance of external audit						
<b>Totals</b>							
<i>Comments / Suggestions for improvement</i>							
•							
<b>I. Other Comments [Please phrase your comments as opportunities for improvement]</b>							
Please note here any other comments you would like to make about the Committee's performance:							
•							
<b>Grand Totals for all Responses</b>							

[Factsheet: IIA Australia Skills based audit committee](#)

**10.2 GOLDFIELDS LIBRARY CORPORATION SERVICE AND FUNDING AGREEMENT  
2023-2025**

**File Number:**

**Author:** Renae Colls, Executive Assistant

**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer

**Attachments:** Nil

**RECOMMENDATION**

That Council authorise the Chief Executive Officer to:

1. Enter into a funding and service agreement with North Central Goldfields Regional Library Corporation; and,
2. Undertake the necessary administrative actions to complete the contract documentation.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION**

Goldfields Library Corporation Service and Funding Agreement 2023-2025, was presented to the May 2023 Council Forum for discussion.

**BACKGROUND**

The North Central Goldfields Regional Library Corporation trading as Goldfields Library Corporation has involved four Councils since its inception in 1996. The Corporation consists of members from City of Greater Bendigo, Loddon Shire, Macedon Ranges and Mount Alexander Shire Council. The Corporation provides library services to the member Municipalities.

The Service and Funding Agreement details the responsibilities and obligations of the Corporation and the Member Councils. The Agreement is an extension of the Regional Library Agreement (RLA) and although it is not required to be gazetted by the Minister, it should be read in conjunction with the Regional Library Agreement.

The Regional Library Agreement (RLA) establishes the framework of the Corporation as a separate legal entity, as part of a sunset agreement covered under the Local Government Act 1989 (s. 197). The sunset agreement allows for the provision of Regional Library Corporations under the Local Government Act 1989 until 2030, by which time it is expected that all Councils will have transitioned to another method and structure for service delivery.

**ISSUES/DISCUSSION**

The Service and Funding Agreement currently in place, expires on June 30, 2023 and a new agreement is proposed that simply provides for the existing conditions of the service and funding arrangements to be maintained for a 12 month period with an option to roll this over for a further 12 months, pending any decisions by member Councils regarding a new library service delivery model.

This approach is proposed to provide flexibility for Council members undertaking any service review or due diligence in considering the requirements of the Local Government Act 2020, to wind up Regional Library Corporations by 2030 and provide a new way of delivering library services by either directly providing them through an “in-house” Council service, or through a Beneficial Enterprise as defined under s. 110 and s. 111 of the Local Government Act, 2020.

There are no proposed changes to the conditions of the 2023-2025 Funding and Services Agreement.

The timeline of the Agreement is established to allow for review in the 23-24 financial year and for mutually agreed rollover for the 2024-25 financial year, if required for all parties bound to the Regional Library Agreement.

This provides flexibility and a built-in review process as the Regional Library Corporation and member Council’s consider the most suitable new approach to the provision of library services under the Local Government Act 2020.

It may be that no decision on a new service delivery approach is reached by June 30, 2025, which would result in a new agreement for a further time period, given Councils have until 2030 to finalise a new approach to services.

### **COST/BENEFITS**

Council is required financially contribution to the Library Corporation. The formula is not proposed to change within this new service and funding agreement. Council has allocated the necessary funds to meet their contribution within the draft 2023/24 budget.

### **RISK ANALYSIS**

The Regional Library Service and Funding Agreement is in line with current practice of the Library Corporation and represents good governance through the provision of an Agreement that clearly outlines the foundations of service provision and funding responsibilities of all parties. The Service and Funding Agreement has not been changed in any way to the existing Agreement and this process represents a continuation of current services utilising the same legal structure and fee structure.

**11 INFORMATION REPORTS****11.1 LOCAL LAWS AND PLANNING COMPLIANCE QUARTERLY ACTIVITY REPORT**

**File Number:** FOL/19/115192  
**Author:** David Price, Local Laws \ Planning Compliance Officer  
**Authoriser:** Louise Johnston, Acting Manager Development and Compliance  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the Local Laws and Planning Compliance Quarterly Activity Report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION**

This is the third report for the 2022-2023 financial year, summarising the animal control, local laws, planning compliance and enforcement actions taken within the Development and Compliance Department. It provides Council with a high level summary for the purpose of monitoring performance within this area.

**BACKGROUND**

Council is responsible for a range of advisory, compliance and enforcement services to the community and maintains powers under various legislation and Council's local law to enable effective animal management, planning enforcement and local law compliance for community and township amenity.

A number of organisational policies and procedures have been developed, outlining the methodology and circumstances under which Council officers will undertake compliance action. Key areas of focus in respect to compliance action include:

- management of local law provisions, particularly with respect to unsightly properties
- effective animal management
- control of roadside activities, occupation and utilisation
- investigate planning scheme breaches and enforce planning permit conditions
- intervention in public nuisance issues.

**ISSUES/DISCUSSION**Administrative

Table 1 provides a summary of administrative functions undertaken.

*Table 1: Administrative*

<b>Quarter 3 (1 January 2023 – 31 March 2023)</b>			
<b>Activity</b>	<b>After hours call outs (*)</b>	<b>Littering or illegal rubbish dumping</b>	<b>Local law permits issued</b>
<b>No. actions</b>	1	1	8

(\*) Council provides a 24 hour emergency call out service in respect to animal management or local law compliance and enforcement.

Unightly properties

A summary of activity statistics and locations that are the subject of compliance with local laws relating to unsightly properties is provided in Table 2. Identified unsightly properties are assessed and prioritised for compliance action.

Staffing vacancies within the unsightly properties area has limited the ability for significant progress to be made in this area.

*Table 2: Summary of unsightly properties activities*

Quarter 3 (1 January 2023 – 31 March 2023)																
Town/Locality	Eddington	Rheola	Newbridge	Tarnagulla	Inglewood	Bridgewater	Wedderburn	Korong Vale	Borong	Boort	Pyramid Hill	Mitiamo	Dingee	Serpentine	Rural/Other	Total
No. identified from previous report period	2	0	5	1	6	2	19	3	4	4	4	1	1	0	0	52
No. resolved during quarter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New action commenced	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	2
No. currently pursuing	2	0	5	2	7	2	19	3	4	4	4	1	1	0	0	54
Progress Activities																
Site meeting / discussion held	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	3
Letter to comply issued	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	3
Occupier has commenced clean-up work	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	2
Notice to comply issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contractor engaged for clean-up work	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Animal management

Table 3 provides a high level summary of animal management activities.

*Table 3: Summary of animal management activities*

Quarter 3 (1 January 2023 – 31 March 2023)						
Activity	Wandering livestock	Trespassing livestock	Dog attack	Domestic animal at large	Distribution of cat traps	General complaints / other
No. of actions	6	1	1	6	11	23

Table 4 summarises animal management activities that resulted in impoundments, encompassing both domestic animals and livestock.

*Table 4: Impoundment activities*

Quarter 3 (1 January 2023 – 31 March 2023)				
Animal type	Impoundments	Returned to owners	Animals rehoused	Animals disposed
Livestock	2	0	0	2 (sold)
Dogs	3	1	2	0
Cats	5	0	5	0
Feral Animals	-	-	-	24
<b>Total</b>	<b>10</b>	<b>1</b>	<b>7</b>	<b>26</b>

Planning Compliance and Enforcement

Table 5 provides a summary of planning compliance and enforcement activities undertaken.

*Table 5: Planning compliance and enforcement activities*

Quarter 3 (1 January 2023 – 31 March 2023)						
Type	No. identified from previous report period	New action	PIN's	Warning Letter	No. resolved during quarter	No. currently pursuing
Land use in contravention of planning scheme without a permit	7	2	0	2	3	6
Native vegetation removal without a permit	5	1	0	1	2	4
Breach of planning permit	0	0	0	0	0	0
Dog breeding/animal keeping	4	0	0	0	2	2
Land used as a store without planning permit	3	0	0	1	0	3
Occupation of a site without a planning permit	4	0	0	2	0	4
<b>Total</b>	<b>23</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>7</b>	<b>19</b>

Throughout all of the above compliance activities tabled, the Development and Compliance Department aims to work proactively with property and animal owners to achieve a positive outcome within the legislative framework set by the State Government and Council's Local Law.

### **COST/BENEFITS**

The expenditure for the third quarter of 2022-2023 financial year for the local laws and compliance activities contained within this report is \$54,505. As the identified properties are escalated through the compliance process, costs associated with legal proceedings may also be incurred by Council.

The resulting cost to Council can be significant in terms of officer(s) time; particularly undertaking various site inspections across Loddon Shire. Direct monetary costs can be significant should a matter progress to the Victorian Civil and Administrative Tribunal (VCAT) or the Magistrates Court. Therefore, it is of benefit to Council and the community that the Development and Compliance Department work through these matters in a timely and respectful manner to reach an appropriate outcome wherever possible.

Benefits derived from investing in local law and planning compliance activities include:

- improving and maintaining township amenity
- ensuring that appropriate development occurs
- maintaining and improving public safety
- encouraging good domestic animal and livestock management
- reduced risks.

### **RISK ANALYSIS**

Failure of Council to adequately manage the provisions associated with the Loddon Planning Scheme, *Planning and Environment Act 1987* or other applicable legislation including the *Domestic Animals Act 1994*, *Impounding of Livestock Act 1994* or Council's Community Local Law is considered to pose the following risks:

- barrier to development and associated economic growth within Loddon Shire
- inappropriate development
- Council's reputation as a regulatory authority
- public safety that endangers life and property
- adverse amenity of our townships
- increased hazards.

### **CONSULTATION AND ENGAGEMENT**

Land and animal owners subject to compliance and enforcement actions under the abovementioned legislation and local laws are consulted with at each stage of the process.



**11.2 ROAD MANAGEMENT PLAN DEFECT RECTIFICATION COMPLIANCE REPORT**

**File Number:** 14/01/022  
**Author:** Daniel Lloyd, Manager Works  
**Authoriser:** Steven Phillips, Director Operations  
**Attachments:** Nil

**RECOMMENDATION**

That Council receive and note the road management plan defect rectification compliance report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any council staff member involved in writing this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION**

This is the third report for the 2022 - 2023 financial year, summarising road network defect rectification compliance against requirements specified within the Loddon Shire Road Management Plan (RMP).

**BACKGROUND**

This report is produced quarterly and provides statistical data with respect to the Organisation's performance in managing the road network. Performance is measured through a comparison of actual defect rectification timeframes against requirements specified in the RMP.

**ISSUES/DISCUSSION**

The information contained in this report is based on the third quarter (1/01/2023 – 31/03/2023) of the 2022-2023 financial year. In mid-October 2022 Loddon Shire experienced major flooding which has impacted on this reporting period. Council's road network is continuing to be assessed for flood damage with two roads still closed.

In accordance with Council's RMP, on 18 October Council's CEO, Lincoln Fitzgerald enacted the exceptional circumstances clause of that Plan. The suspension of the RMP is to say that Council cannot maintain its road network to its usual standard. The community can expect that it will take longer than it normally would for an issue to be fixed on our road network. Routine maintenance inspections were put on hold for three months and have now resumed so staff could assist in the gathering of information for a claim to restore flood damage under the Disaster Recovery Funding Arrangements.

The extent of the impact on Council's ability to return to normal levels of road maintenance is still being assessed. In the meantime Council will maintain the network as safe as reasonably possible given the circumstances.

Table 1 below provides a summary of the compliance against the schedule of road and street inspection regimes as set in the RMP.

*Table 1: Inspection summary report*

Quarter 3 (01/01/2023 – 31/03/2023)						
Work Group	Number of scheduled inspections	Number completed by due date	Number completed after due date	Number not completed	Compliance	Number of Defects Raised
Loddon Plains	22	15	7	0	68.2%	256
Loddon Goldfields	15	10	5	0	66.7%	253
<b>Total</b>	<b>37</b>	<b>25</b>	<b>12</b>	<b>0</b>	<b>67.6%</b>	<b>509</b>

During the third quarter of 2022 - 2023 financial year, 67.6% of the programmed inspections were completed according to the schedule. This is 32.4% below the target of 100% set in the RMP, this is due to staff being actively involved in flood impact assessments of the road network. As the RMP has been suspended the compliance target is not currently relevant.

Table 2 below provides a summary of compliance of actual response times for rectification works of defects as detailed in the defect intervention levels and response timetables of the RMP. The defects have been identified through programmed inspections, customer requests and works crews identifying and rectifying defects as they find them, known as ad hoc work actions.

*Table 2: Defect rectification summary report*

Quarter 3 (01/01/2023 – 31/03/2023)								
Work Group	Number of Defects				Compliant with RMP			
	Ad hoc	Requests	Defects from inspections	Total	Yes	No	Not complete	%
Loddon Goldfields	1	30	256	287	266	21	0	92.7%
Loddon Plains	0	12	429	441	431	10	0	97.7%
Shire Wide	0	8	506	514	502	12	0	97.7%
Townscape Services	50	1	25	76	67	9	0	88.2%
<b>Total</b>	<b>51</b>	<b>51</b>	<b>1216</b>	<b>1318</b>	<b>1266</b>	<b>52</b>	<b>0</b>	<b>96.1%</b>

During the third quarter of 2022 - 2023 financial year, 96.1% of all date imposed defects were completed before their due date. This is 3.9% below the target of 100% set in the RMP, as the RMP has been suspended the compliance target is not currently relevant. The number of defects reported in Table 2 are comparable with this time last year as most of these defects will have been in the system before the flooding in October 2022 and subsequent suspension of the RMP. The impact of the flood event on road maintenance will not be fully understood until the defect inspections resume as scheduled. It is expected that normal operations will resume from June 2023 and the exceptional circumstances clause of the RMP can be rescinded.

Table 3 provides a summary of performance against the unsealed road maintenance grading program, defects as identified through programmed inspections, customer requests and works crews identifying and rectifying defects as they find them, known as ad hoc work actions. The maintenance grading program identifies each road segment by its road hierarchy and grading frequency as detailed in the RMP.

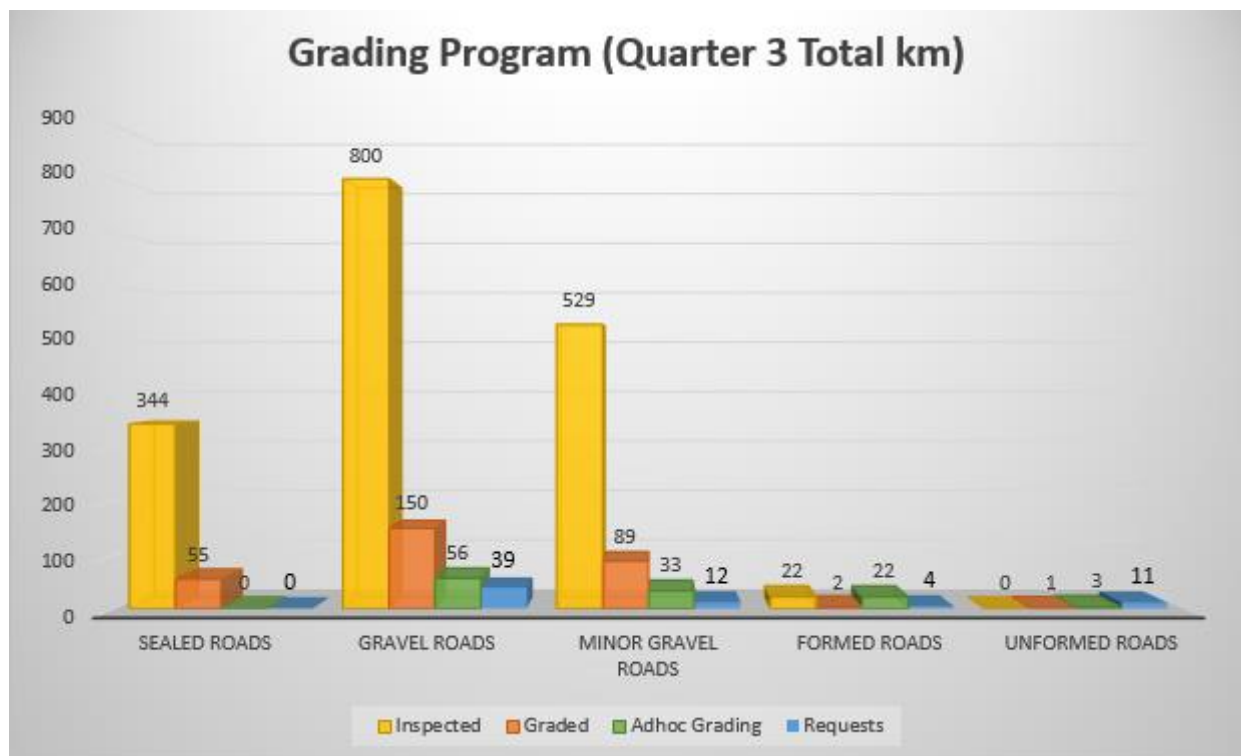
Table 3: Maintenance grading program

Quarter 3 (01/01/2023 – 31/03/2023)											
Work Group	Number of Grading Work Actions					Compliant within scheduled timeframes				KM Graded	KM Inspected
	Roads Graded	Defects	Requests	Ad hoc	Total	Yes	No	Not complete	%		
Loddon Goldfields	76	7	29	0	112	85	27	0	75.9%	226.8	446
Loddon Plains	100	2	3	0	105	105	0	0	100.0%	248.4	1251
Shire Wide	0	2	2	0	4	3	1	0	75.0%	.6	0
<b>Total</b>	<b>176</b>	<b>11</b>	<b>34</b>	<b>0</b>	<b>221</b>	<b>193</b>	<b>28</b>	<b>0</b>	<b>87.3%</b>	<b>475.8</b>	<b>1697</b>

The data in Table 3 indicates that 221 grading work actions were completed for the third quarter of 2022 - 2023 financial year. There is no set level of compliance for the maintenance grading program in the RMP.

A graph has been provided in Chart 1 indicating a breakdown of the grading work actions, by road hierarchy and kilometres. The sealed roads section relates to shoulder grading work actions on the Sealed Road network. The gravel road section includes all grading work actions on Gravel Collector and Gravel Access roads. The Gravel Minor and the Formed Road sections relate directly to Council’s road hierarchy and show all grading work action on roads within that hierarchy.

Chart 1: Maintenance Grading Program



**COST/BENEFITS**

The year to date actual expenditure to the end of third quarter of 2022 - 2023 financial year of the Local Road Maintenance Program is \$5,300,630. The expenditure for the third quarter was \$1,466,566

The benefits to the community in complying with the RMP are that it ensures a safe road network.

**RISK ANALYSIS**

Repairing 100% of all date imposed defects before their due date limits Council's liability for any claims for damage made against Council.

**CONSULTATION AND ENGAGEMENT**

No internal or external consultation is required in the formation of this report.

**12 COMPLIANCE REPORTS****12.1 AUDIT AND RISK COMMITTEE UPDATE****File Number:****Author:** Tracy Hunt, Governance Coordinator**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer**Attachments:**

1. **Audit and Risk Committee - Annual Performance Assessment (Survey) Report - 2022-2023**
2. **Audit and Risk Committee - Biannual Report - May 2023**
3. **Audit and Risk Committee - Minutes - 1 May 2023**

**RECOMMENDATION**

That Council receives and notes the:

1. Audit and Risk Committee - Annual Performance Assessment (Survey) Report - 2022-2023
2. Audit and Risk Committee - Biannual Report - May 2023, and
3. Audit and Risk Committee - Minutes - 1 May 2023.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION****PERFORMANCE ASSESSMENT REPORT**

An annual performance report from the Audit and Risk Committee (ARC) is a requirement of the *Local Government Act 2020* (the Act), Council received the previous report at the Council Meeting held on 26 July 2022.

**BIANNUAL REPORT**

A biannual report from the ARC is a requirement of the Act, the Council received the previous report at the Council Meeting held on 13 December 2022.

**MINUTES**

Under the Act the Chair of the ARC may request that reports and assessments be tabled at Council meetings, Council received the Minutes from the 13 February 2023 ARC meeting at the Council Meeting held on 28 March 2023.

**BACKGROUND**

Pursuant to Section 53 of the Act, Loddon Shire Council has established the ARC to support it in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, maintenance of a sound internal control environment, assurance activities including internal and external audit, and Council's performance with regard to compliance with its policies and legislative and regulatory requirements. This report includes the following ARC legislative and regulatory requirements:

**PERFORMANCE ASSESSMENT REPORT**

Under Section 54(4) of the Act:

- (4) *An Audit and Risk Committee must—*
- (a) *undertake an annual assessment of its performance against the Audit and Risk Committee Charter; and*
  - (b) *provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting.*

**BIANNUAL REPORT**

Under Section 54(5) of the Act:

- (5) *An Audit and Risk Committee must—*
- (a) *prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
  - (b) *provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

**MINUTES**

Under Section 54(6) of the Act:

- (6) *The Chief Executive Officer must—*
- (a) *ensure the preparation and maintenance of agendas, minutes and reports of the Audit and Risk Committee; and*
  - (b) *table reports and annual assessments of the Audit and Risk Committee at Council meetings when required by this Act and when requested by the chairperson of the Audit and Risk Committee.*

**ISSUES/DISCUSSION**

The following have been provided as attachments to this report:

- Audit and Risk Committee - Annual Performance Assessment (Survey) Report - 2022-2023
- Audit and Risk Committee - Biannual Report - May 2023
- Audit and Risk Committee - Minutes - 1 May 2023

**PERFORMANCE ASSESSMENT REPORT**

The survey consisted of 52 statements relating to the content of the charter, skills and interactions within the ARC, training/development, risk management, statutory compliance & reporting, agendas & associated reports, conduct of meetings, internal audit function and external audit function.

Survey responses have provided officers with useful feedback to inform continuous improvement on ARC functions and activities such as; the charter, agenda reports, minutes and member development/training.

**BIANNUAL REPORT**

The biannual report encompasses the activities of the ARC for the November 2022 to May 2023 period.

The Biannual report includes details on ARC membership, meetings, governance, remuneration, internal audit plan, assessment against the Committee Charter, and focus for the next reporting period.

**MINUTES**

The ARC 1 May 2023 meeting agenda included a number of reports for information and the following Decision Reports:

- Internal Audit Actions Progress Report
- Endorsement of Meeting Schedule 2023/24
- VAGO report on fraud control over local government grants action plan progress
- Audit and Risk Committee Biannual Report
- Endorsement of Audit and Risk Committee Charter
- Internal audit report: Review of Procurement and Contract Management

The meeting was attended by all Independent Members, the Council representative, the Chief Executive Officer, Director Corporate, Manager Governance, other relevant Officers and representatives from HLB Mann Judd and RSD Audit. As noted in the minutes the ARC currently has one vacant independent member position.

**COST/BENEFITS**

This report provides Council with oversight of the work of the ARC, providing a level of surety that services are undertaken efficiently and effectively.

There are no costs associated with development of this report, however there are costs associated with undertaking regular internal and external auditing of Council activities, provided for in Council's approved budget.

**RISK ANALYSIS**

The ARC has risk management oversight for the Council and monitors, reviews, endorses and advises Council on the matters as set out in the Charter.

**CONSULTATION AND ENGAGEMENT****PERFORMANCE ASSESSMENT REPORT**

Relevant officers were consulted in the preparation of the Annual Performance Assessment (Survey) Report 2022-2023. The report was noted by the ARC at the 1 May 2023 meeting.

**BIANNUAL REPORT**

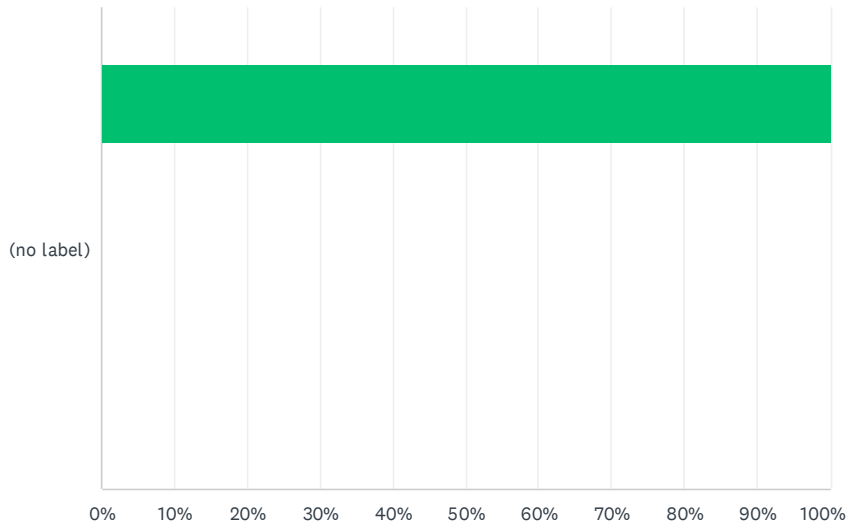
Relevant officers were consulted in the preparation of the ARC Biannual Report - May 2023. The report was endorsed by the Audit and Risk Committee at the 1 May 2023 meeting.

**MINUTES**

Relevant officers were consulted in the preparation of the ARC Minutes - 1 May 2023.

Q2 The Charter clearly articulates the Committee’s roles and responsibilities and provides it with the necessary authority to discharge them

Answered: 5 Skipped: 0



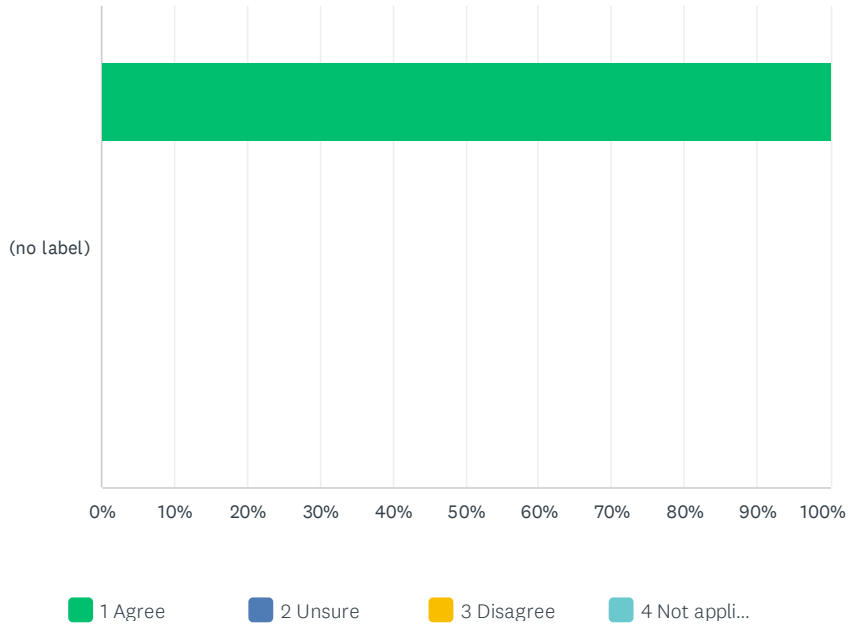
1 Agree 2 Unsure 3 Disagree 4 Not appli...

	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		



### Q3 The Charter facilitates and supports the effective operation of the Committee

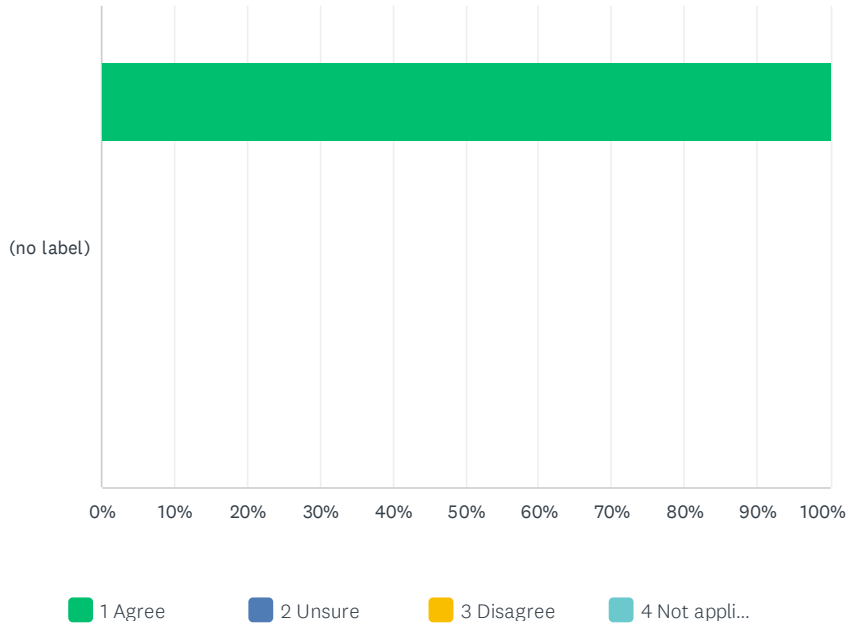
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q4 During the past year, the Committee has adequately addressed all of its responsibilities as detailed in the Charter

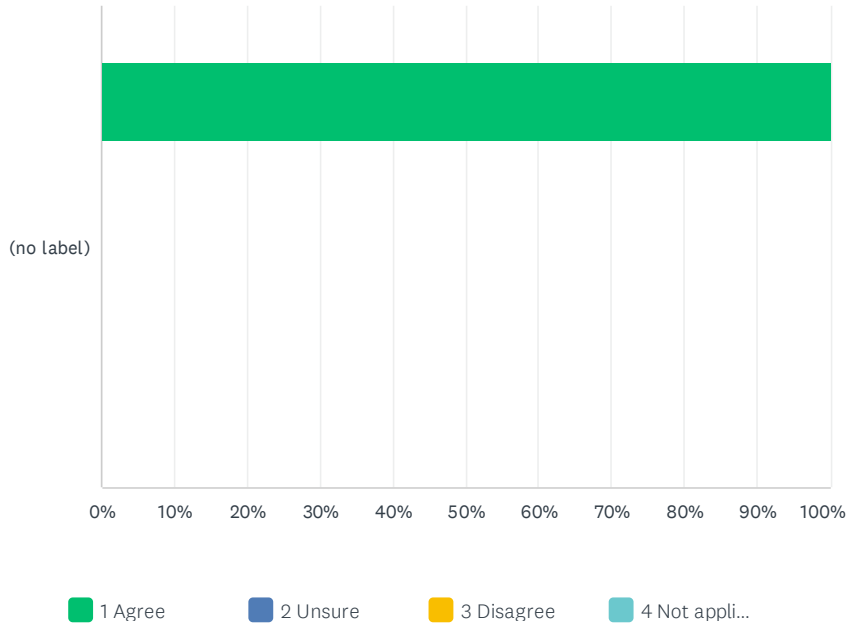
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q5 The Charter ensures the Committee is sufficiently independent from the management of Council.

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

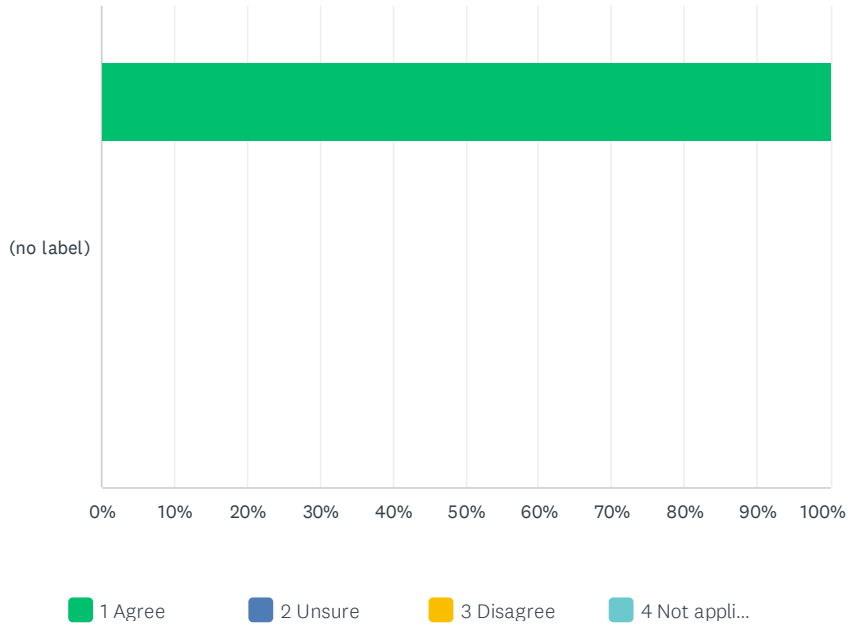
### Q6 Comments / suggestions for improvement

Answered: 1 Skipped: 4

#	RESPONSES	DATE
1	While I agree that the Audit Committee Charter is a good reference document and supports the committee to discharge its responsibilities, I do feel it could still be further improved	4/19/2023 10:31 PM

Q7 The Committee has the desired mix of skills to allow it to effectively discharge its responsibilities

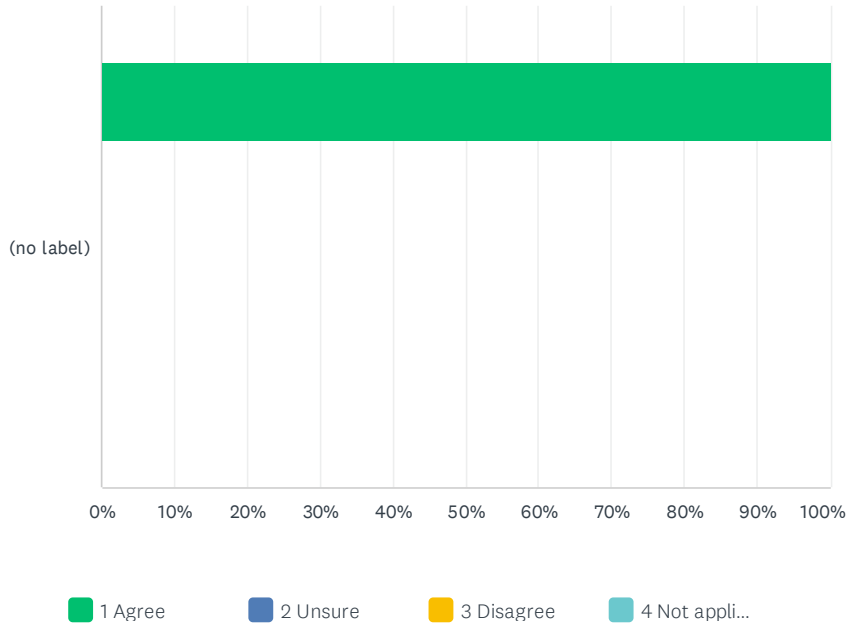
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q8 The Committee has been able to analyse and critically evaluate information presented to it by management

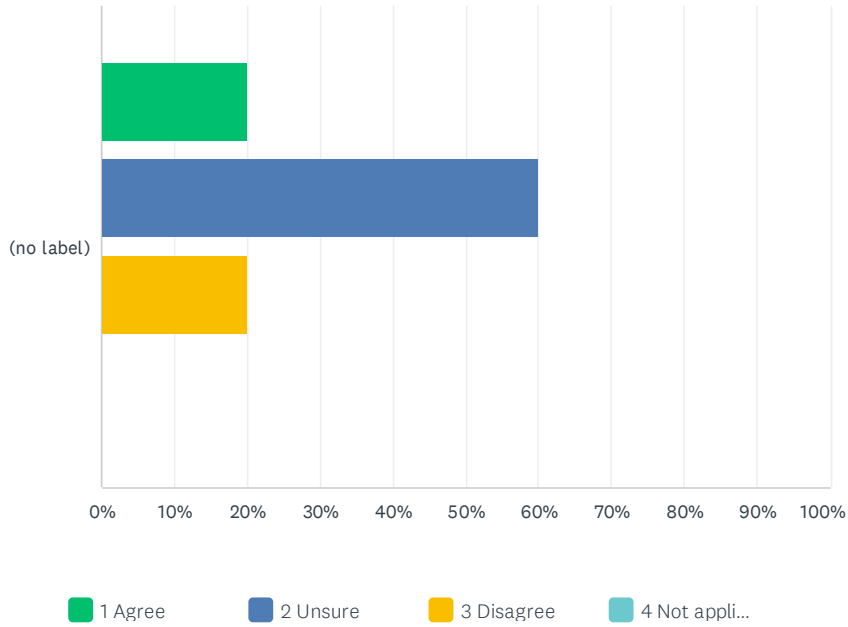
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q9 There is a clear process that Committee members can follow to access advice and /or training to improve their skills and knowledge

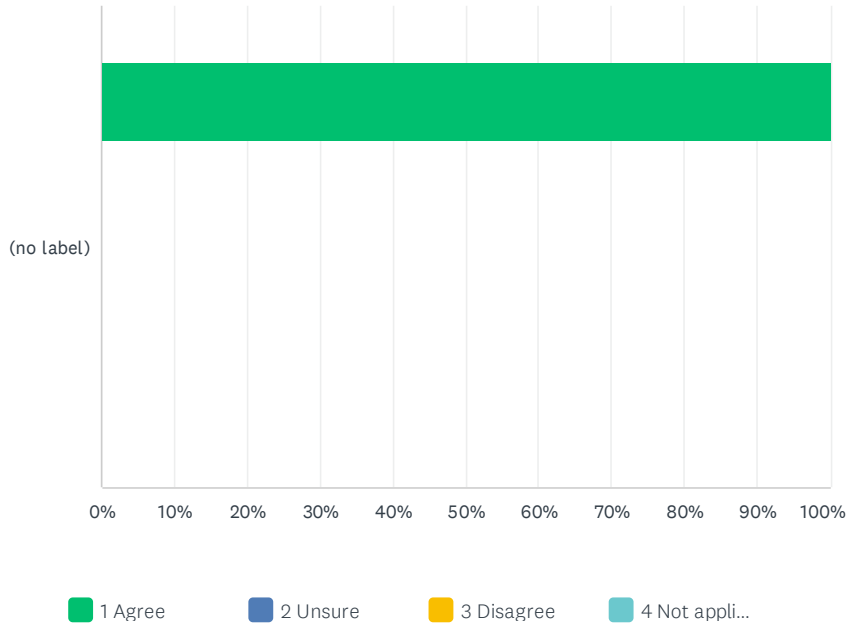
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	20.00%	60.00%	20.00%	0.00%	5	2.00
	1	3	1	0		

Q10 The Committee’s collective skills are adequate in light of its responsibilities

Answered: 5 Skipped: 0

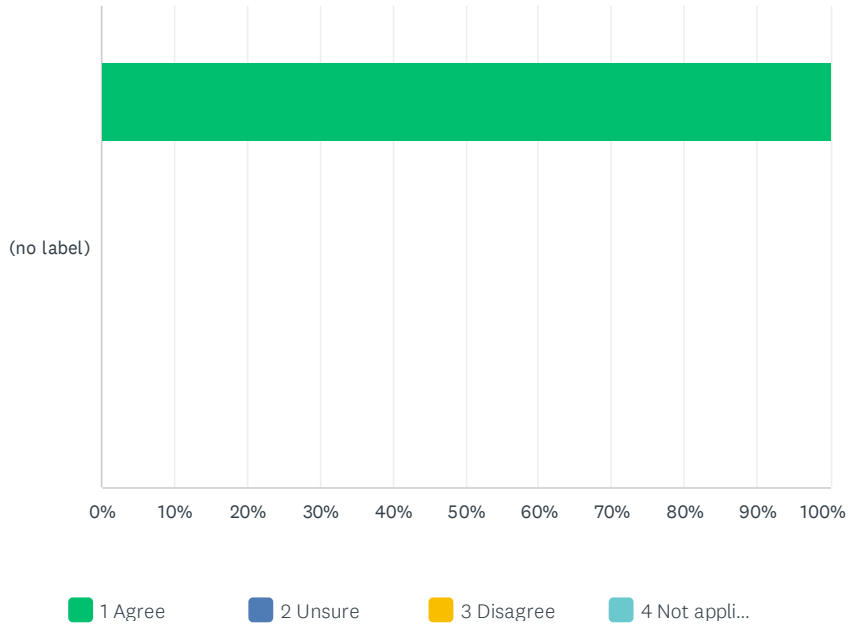


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00



Q11 The Committee has responded appropriately where significant risks and/or control breakdowns have been brought to its attention

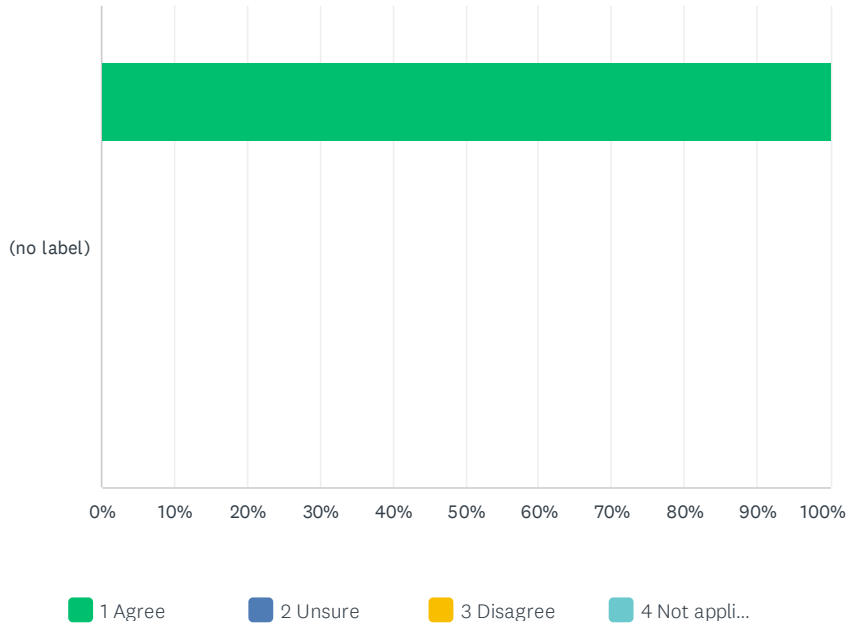
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q12 The Committee has shown an openness to new ideas and different views in its deliberations

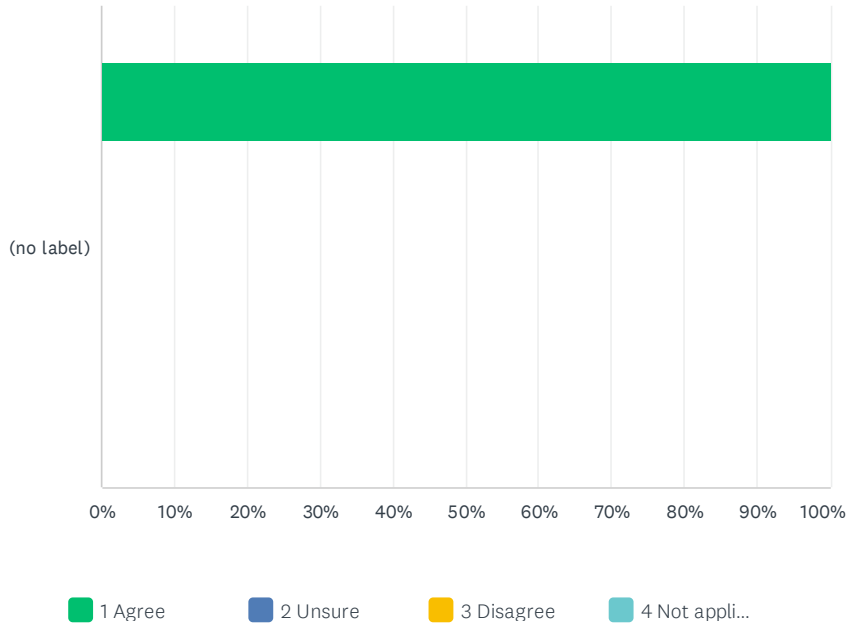
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q13 The Committee has been sufficiently probing and challenging in its deliberations.

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

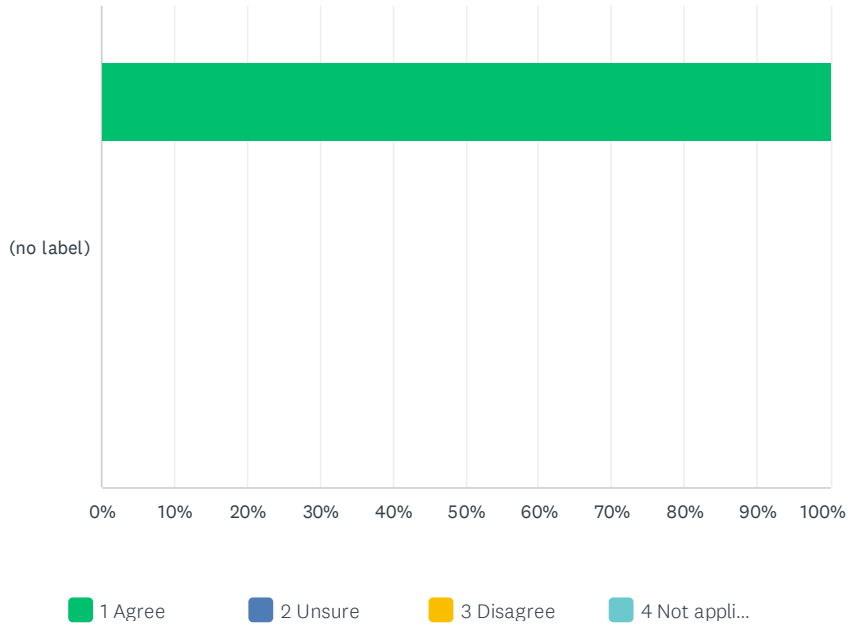
### Q14 Comments / suggestions for improvement

Answered: 2 Skipped: 3

#	RESPONSES	DATE
1	If there is the ability for committee members to access further training I don't think this process is clear.	4/19/2023 10:34 PM
2	Some form of training for committee members could be appropriate from time to time, given the broad remit of ARCs today.	4/18/2023 9:07 AM

Q15 The Committee has an adequate understanding of Council's: Risk management framework and risk profile

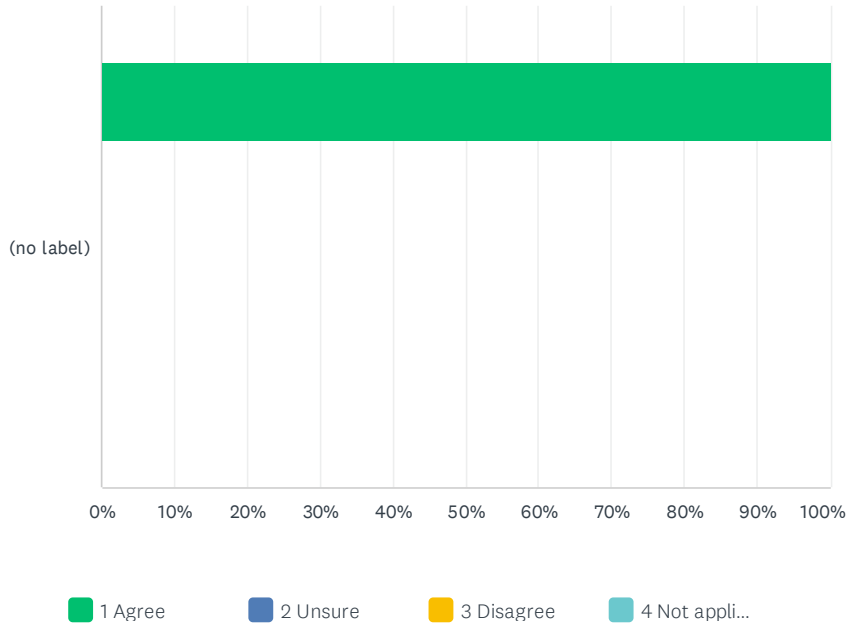
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q16 The Committee has an adequate understanding of Council's: Internal control framework to mitigate significant risks

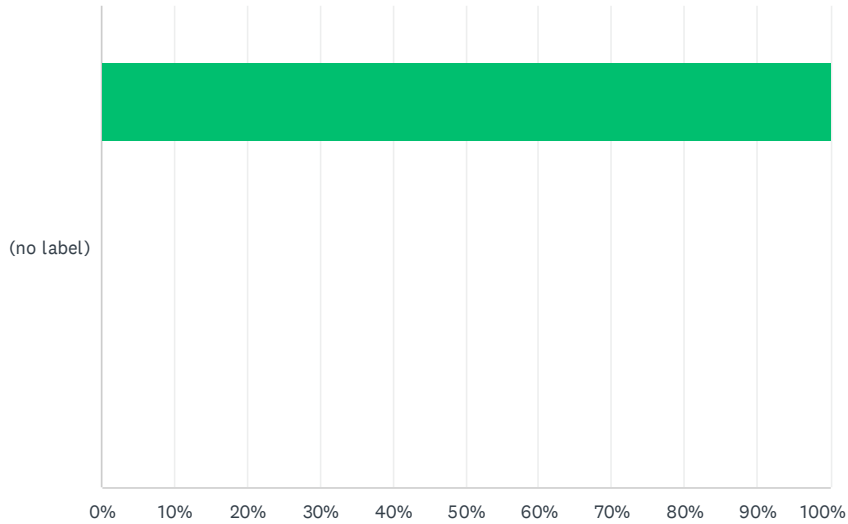
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q17 The Committee has an adequate understanding of Council's: Financial and statutory reporting requirements

Answered: 5 Skipped: 0

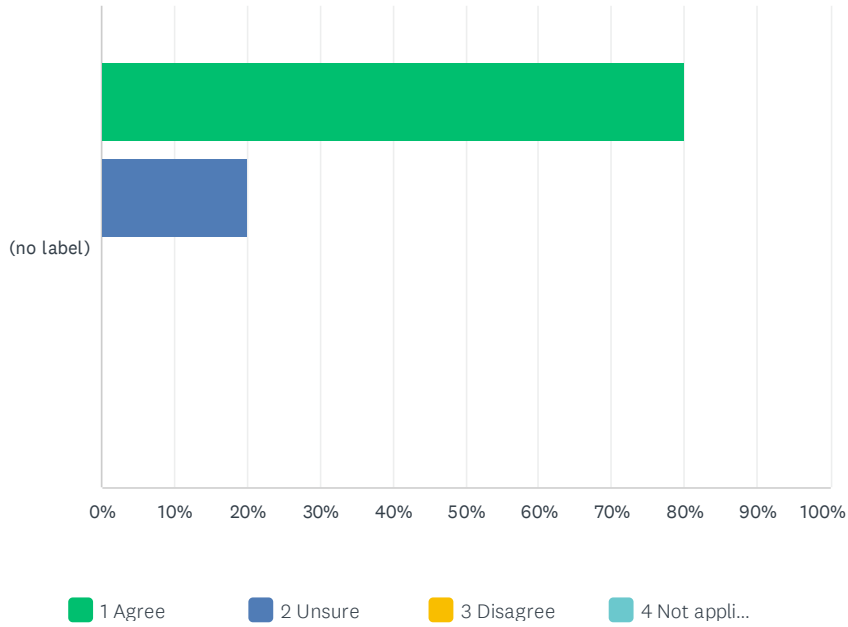


■ 1 Agree    
 ■ 2 Unsure    
 ■ 3 Disagree    
 ■ 4 Not appli...

	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q18 The Committee has an adequate understanding of Council's: legislative compliance requirements.

Answered: 5 Skipped: 0

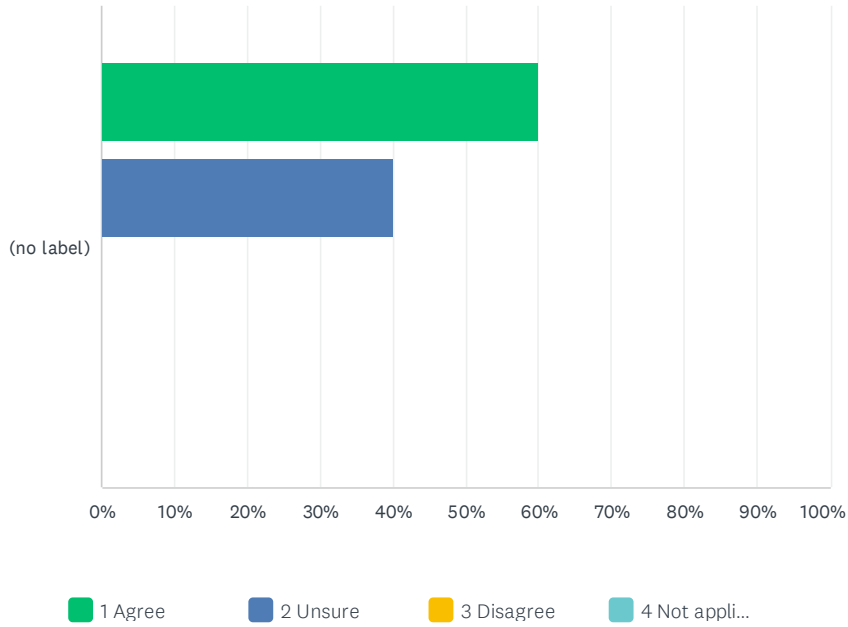


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	20.00%	0.00%	0.00%	5	1.20
	4	1	0	0		



Q19 The Committee receives appropriate briefings on: Current and emerging business risks

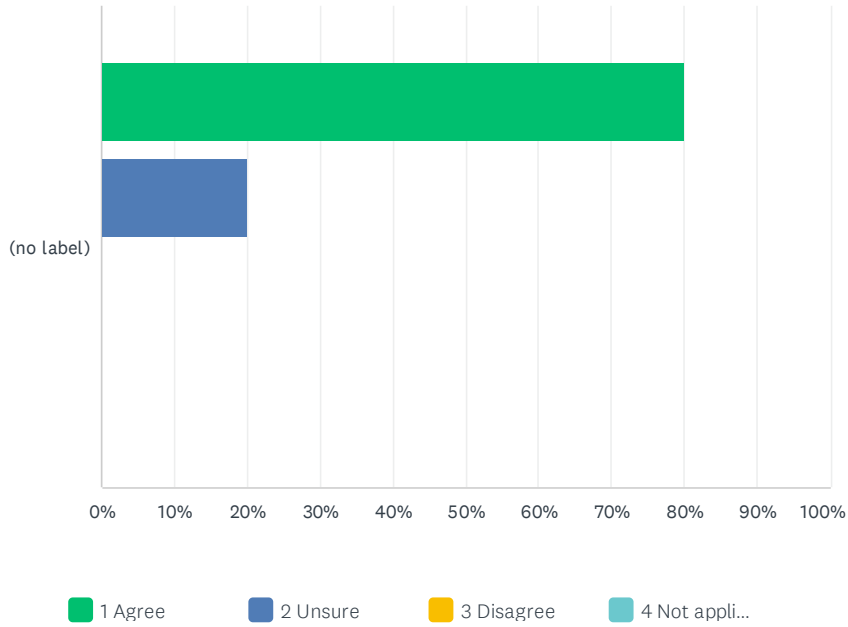
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40

Q20 The Committee receives appropriate briefings on: Changes in financial reporting requirements

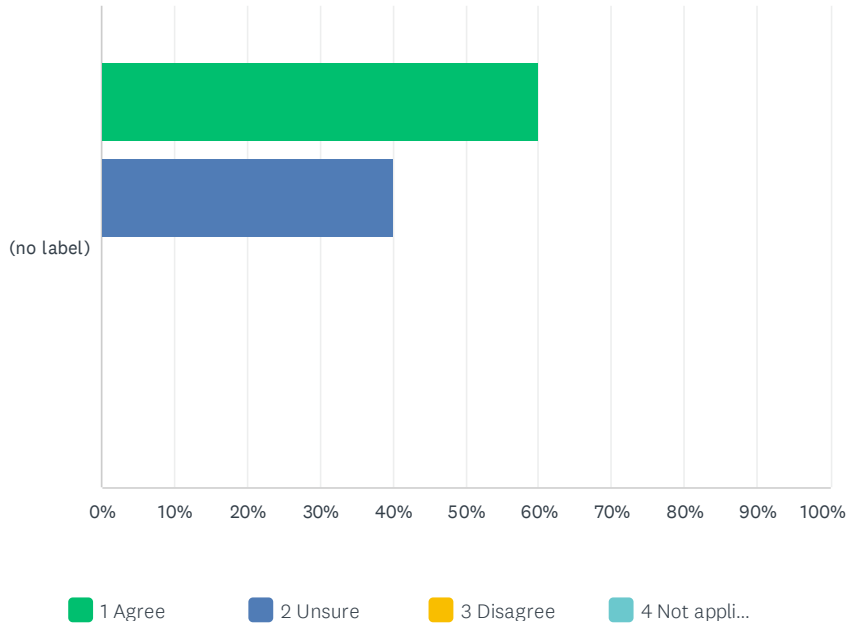
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	20.00%	0.00%	0.00%	5	1.20
	4	1	0	0		

Q21 The Committee receives appropriate briefings on: Changes in performance reporting requirements

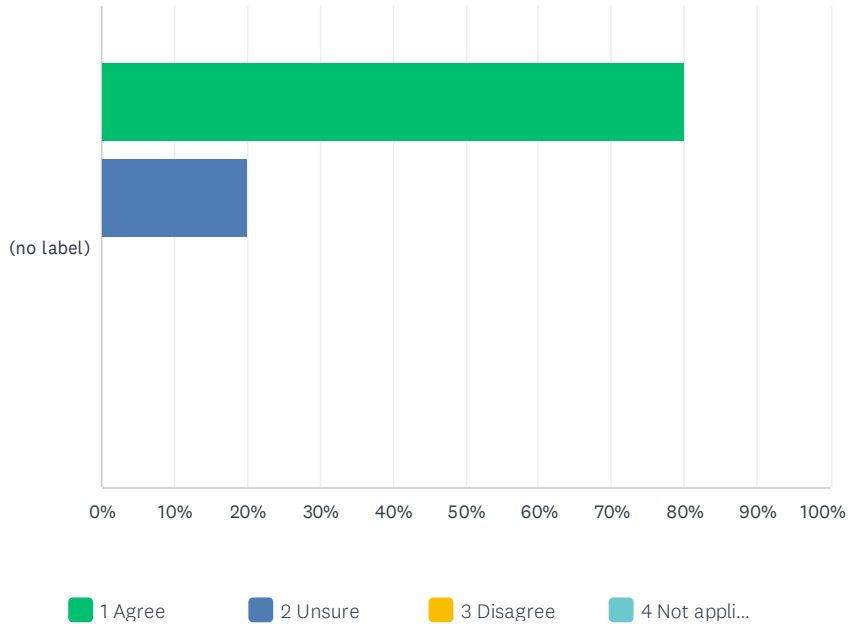
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40

### Q22 The Committee receives appropriate briefings on: Integrity body reports

Answered: 5 Skipped: 0

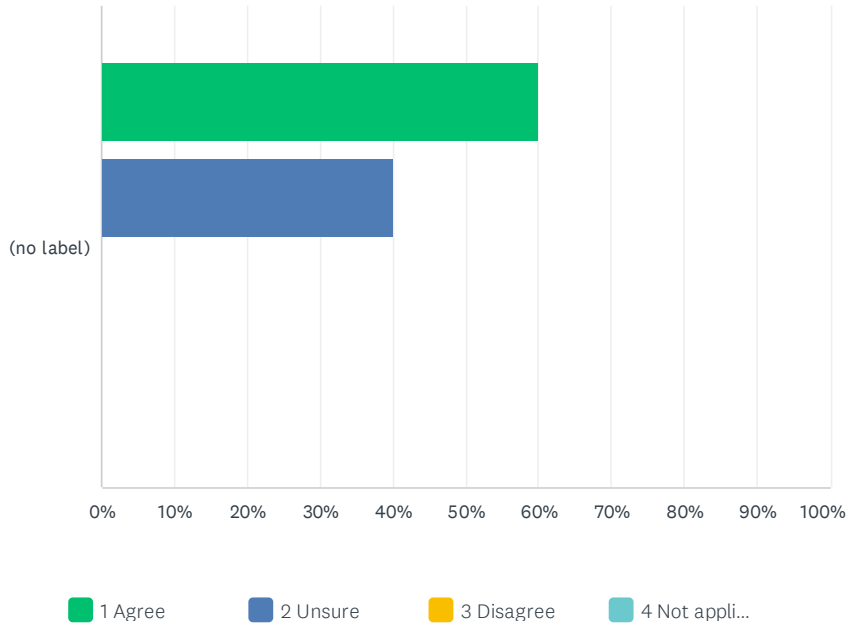


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	20.00%	0.00%	0.00%	5	1.20
	4	1	0	0		

Risk and Risk Committee Self-Assessment 2022/23

Q23 The Committee receives appropriate briefings on: Changes in the business/regulatory environment

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40

31 / 53

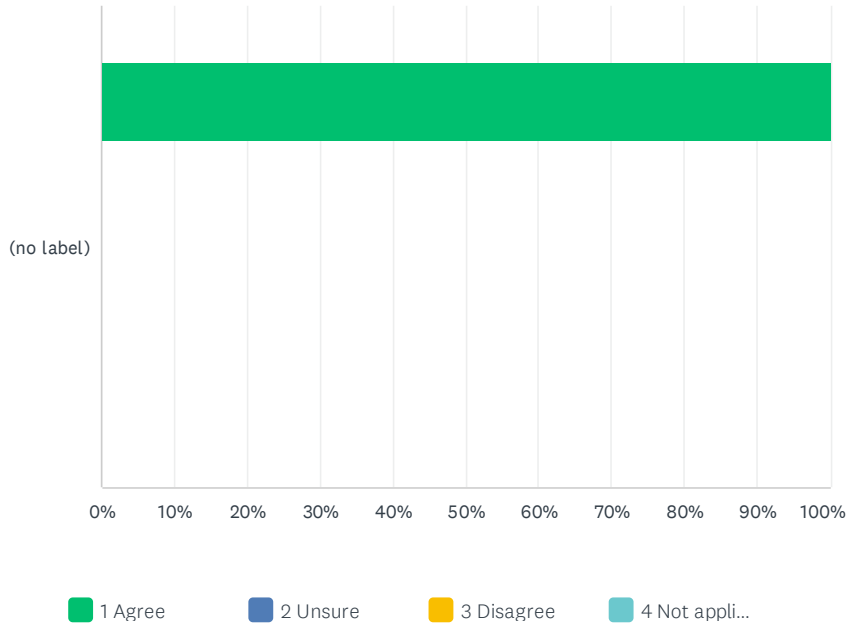
### Q24 Comments / suggestions for improvement

Answered: 0 Skipped: 5

#	RESPONSES	DATE
	There are no responses.	

Q25 The Committee has had an appropriate number of meetings to properly discharge its responsibilities

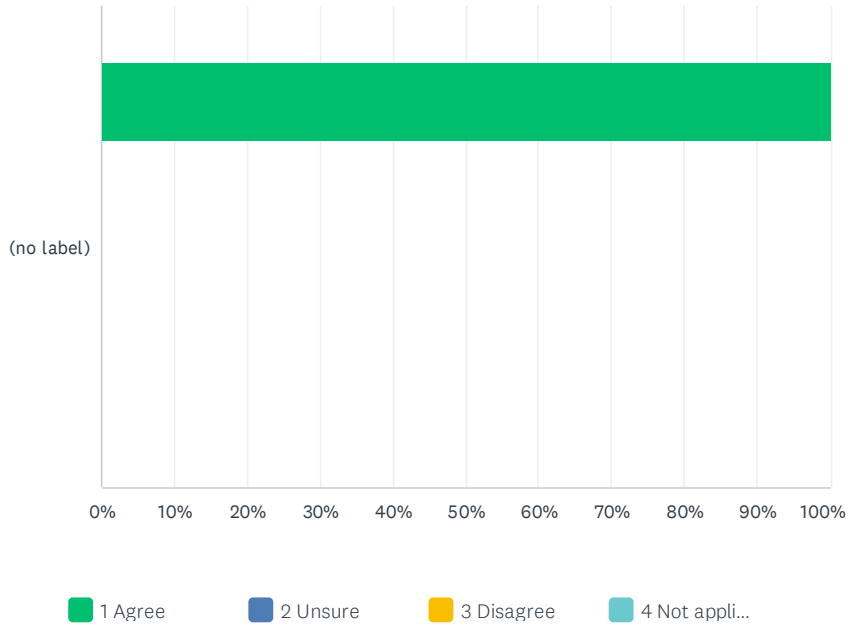
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q26 Agendas are structured to allow sufficient time to discuss all critical issues

Answered: 5 Skipped: 0

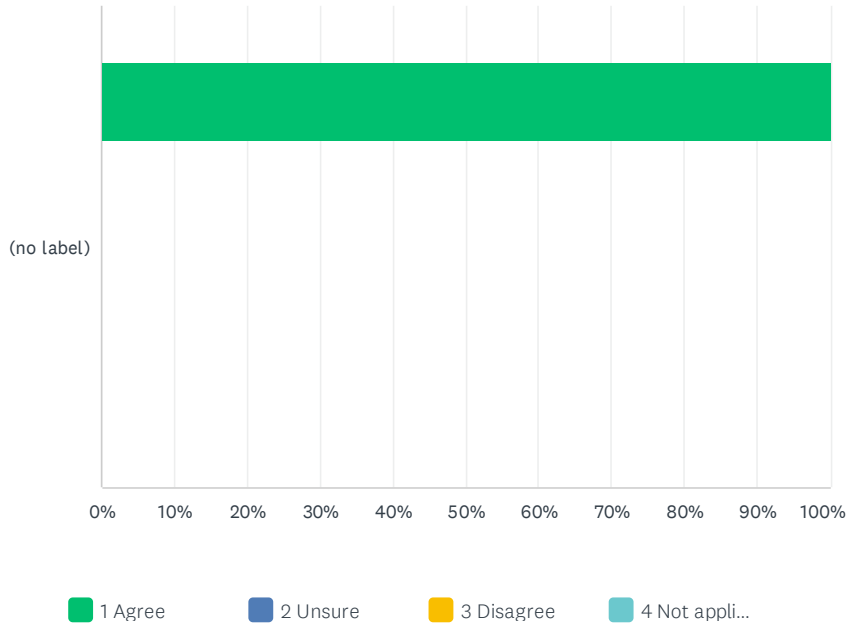


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00



Q27 The Committee receives agendas and supporting papers in sufficient time prior to meetings.

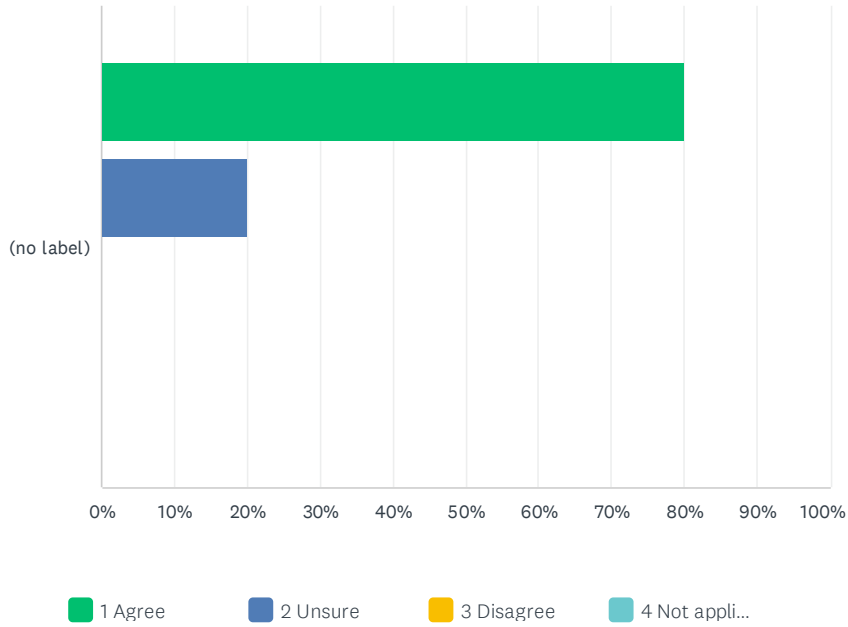
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q28 Agendas and supporting papers are of sufficient clarity and quality to enable the Committee to make informed decisions

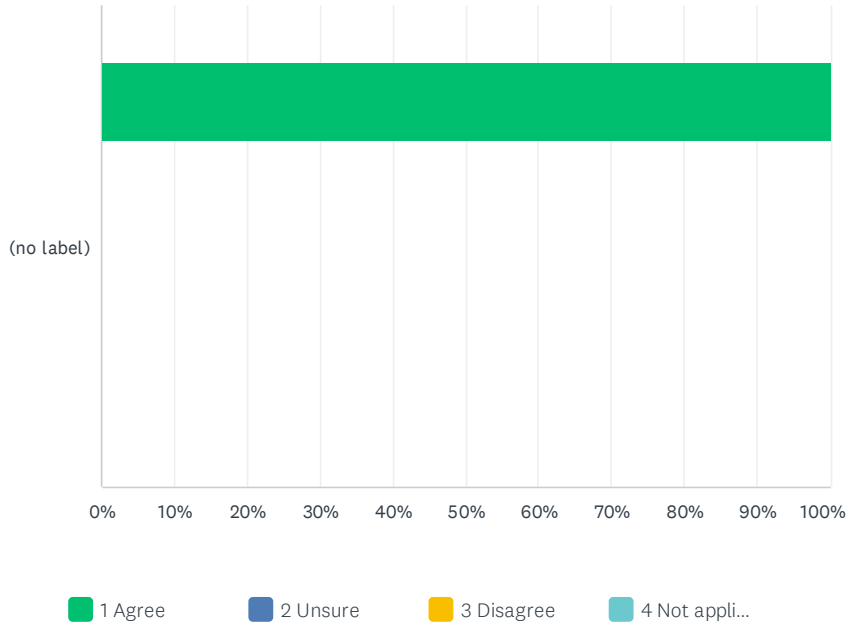
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	20.00%	0.00%	0.00%	5	1.20
	4	1	0	0		

### Q29 Committee meetings are well run and productive

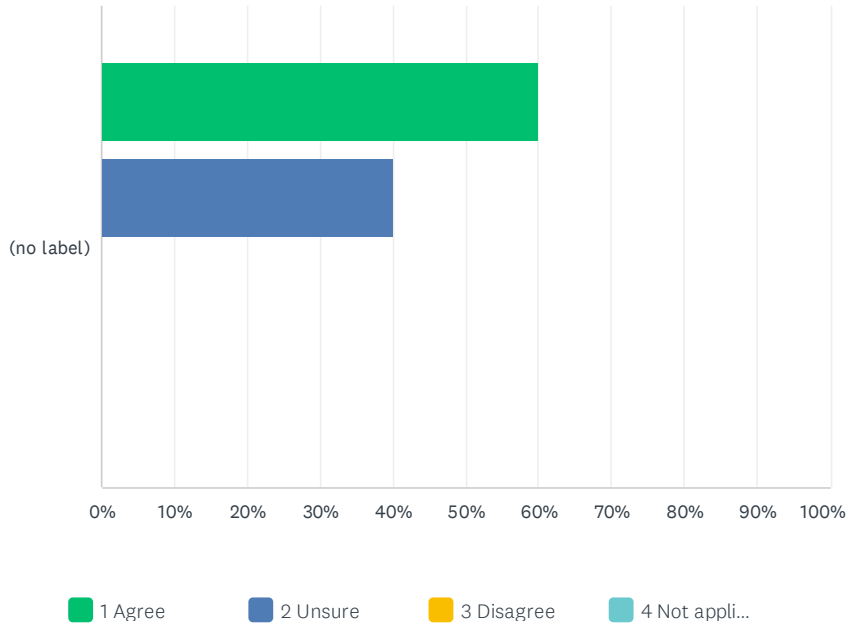
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q30 Committee minutes are appropriately maintained and provided to Council on a timely basis

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40

## Q31 Comments / suggestions for improvement

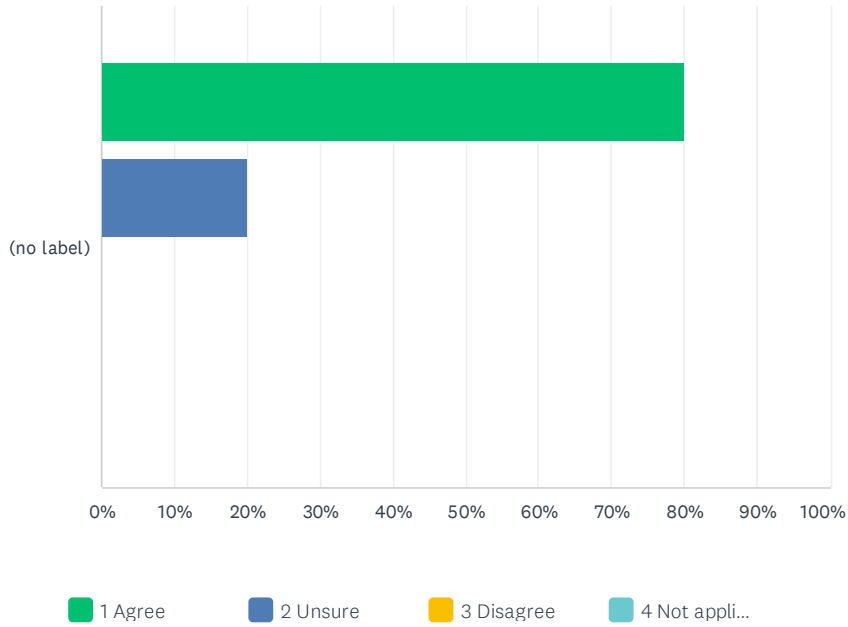
Answered: 1    Skipped: 4

#	RESPONSES	DATE
1	Papers should include more of an "executive summary" of any attachments. Minutes should briefly note key considerations. There's been good improvement in recent years but still room to improve.	4/6/2023 9:41 AM

Risk and Risk Committee Self-Assessment 2022/23

Q32 Committee communications to Council about its deliberations and decisions are appropriate.

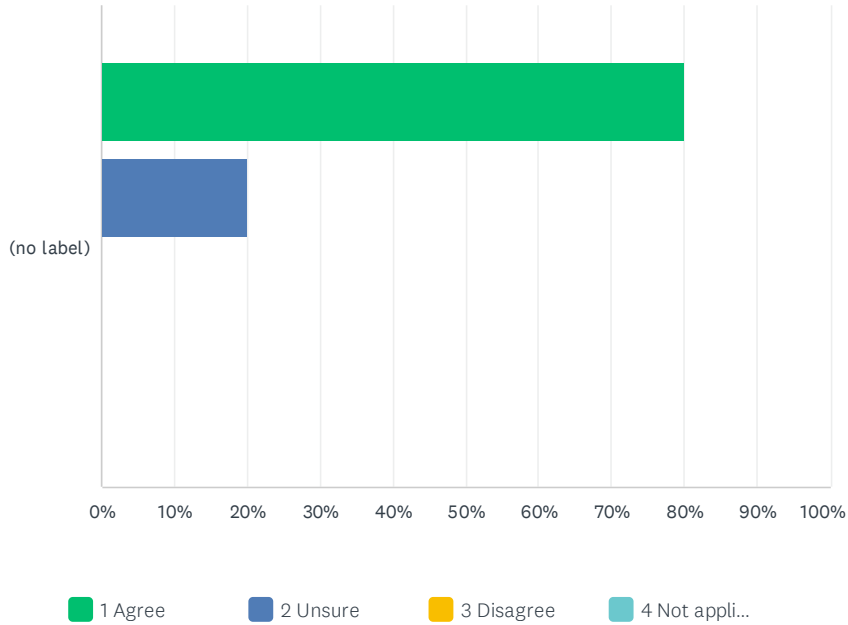
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00%	20.00%	0.00%	0.00%	5	1.20
	4	1	0	0		

Q33 Committee reports to Council on its activities are appropriate.

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00% 4	20.00% 1	0.00% 0	0.00% 0	5	1.20

### Q34 Comments / suggestions for improvement

Answered: 0 Skipped: 5

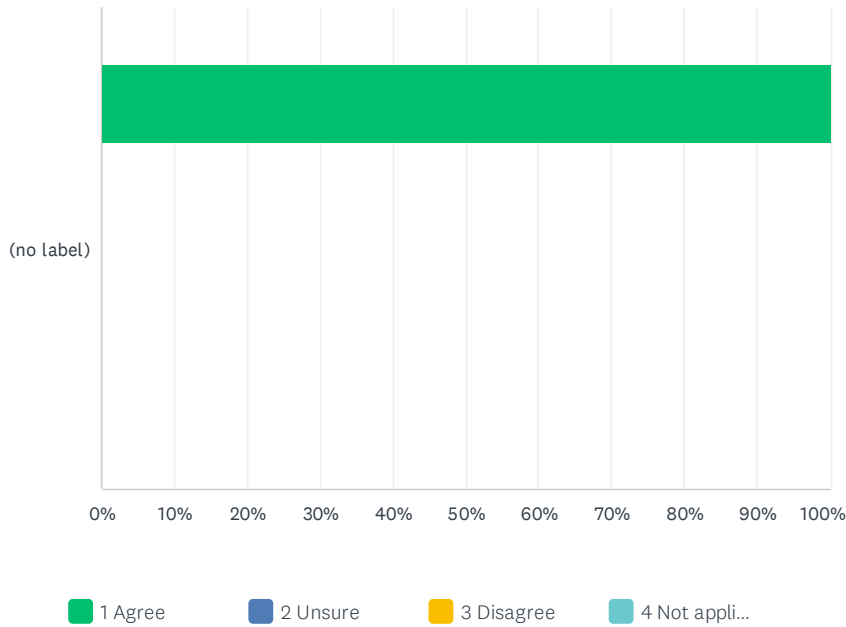
#	RESPONSES	DATE
	There are no responses.	



Risk and Risk Committee Self Assessment 2022/23

Q35 Information and briefing papers presented by management meet the Committee's expectations in respect of: Council's risk profile and mitigating actions for key risks

Answered: 5 Skipped: 0

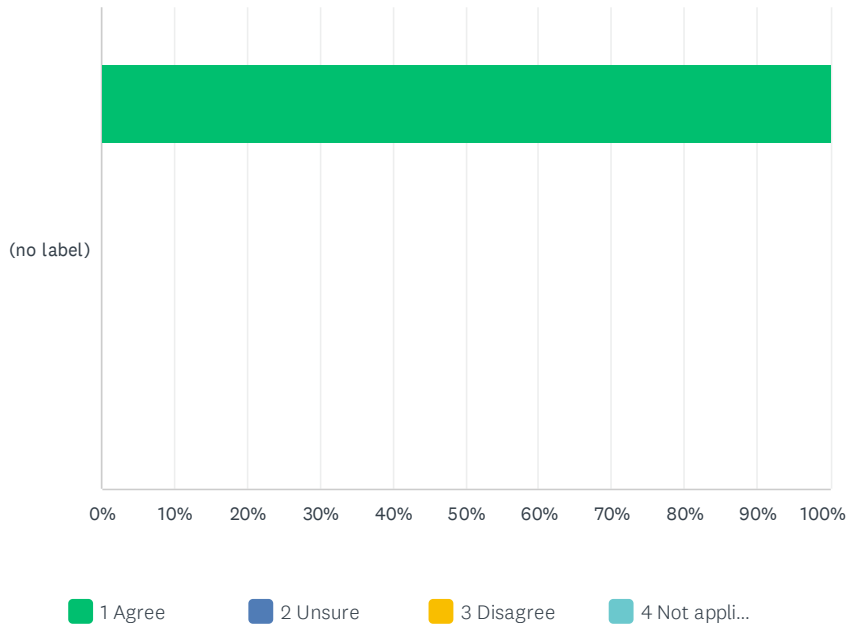


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

26 / 50

Q36 Information and briefing papers presented by management meet the Committee's expectations in respect of: Maintenance of a strong internal control environment that is effective in mitigating key risks

Answered: 5 Skipped: 0

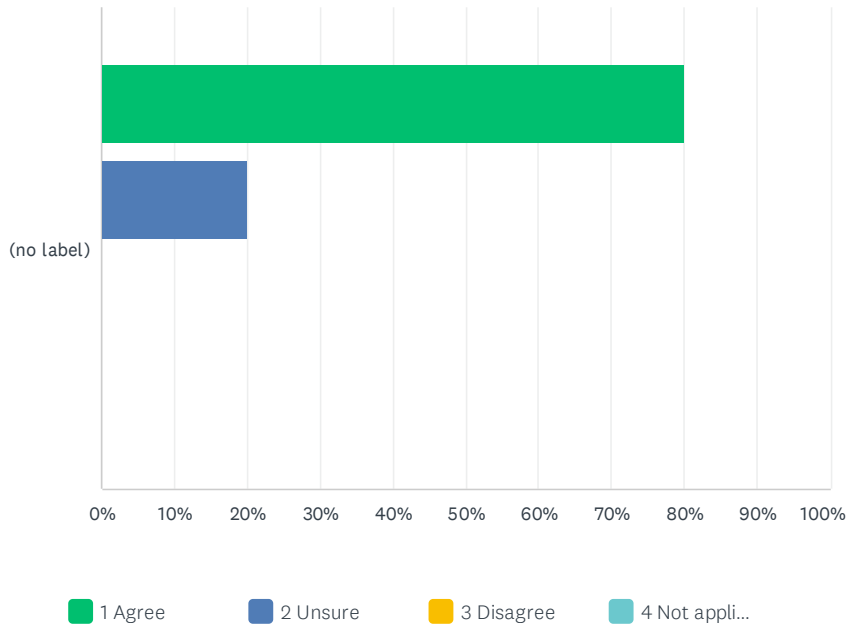


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Risk and Risk Committee Self-Assessment 2022/23

Q37 Information and briefing papers presented by management meet the Committee's expectations in respect of: Management of Council's compliance and regulatory obligations

Answered: 5 Skipped: 0



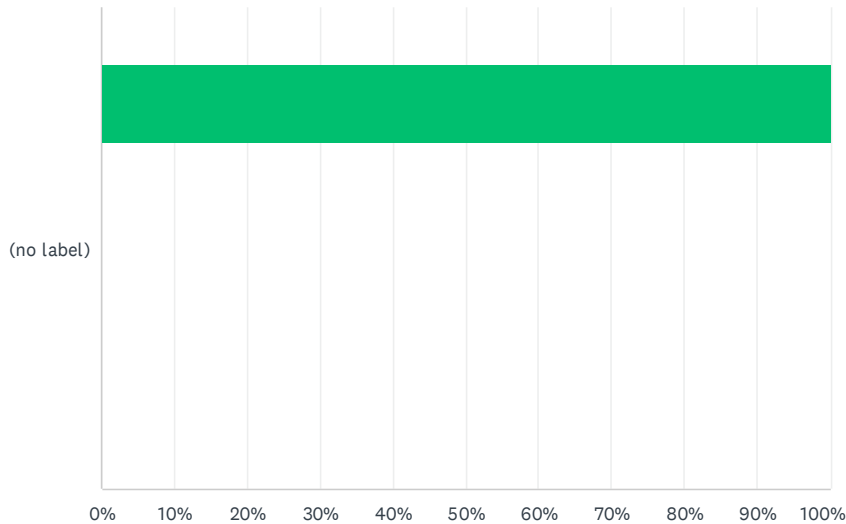
	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	80.00% 4	20.00% 1	0.00% 0	0.00% 0	5	1.20

30 / 50

Risk and Risk Committee Self-Assessment 2022/23

Q38 Information and briefing papers presented by management meet the Committee's expectations in respect of: Council's external reporting requirements

Answered: 5 Skipped: 0



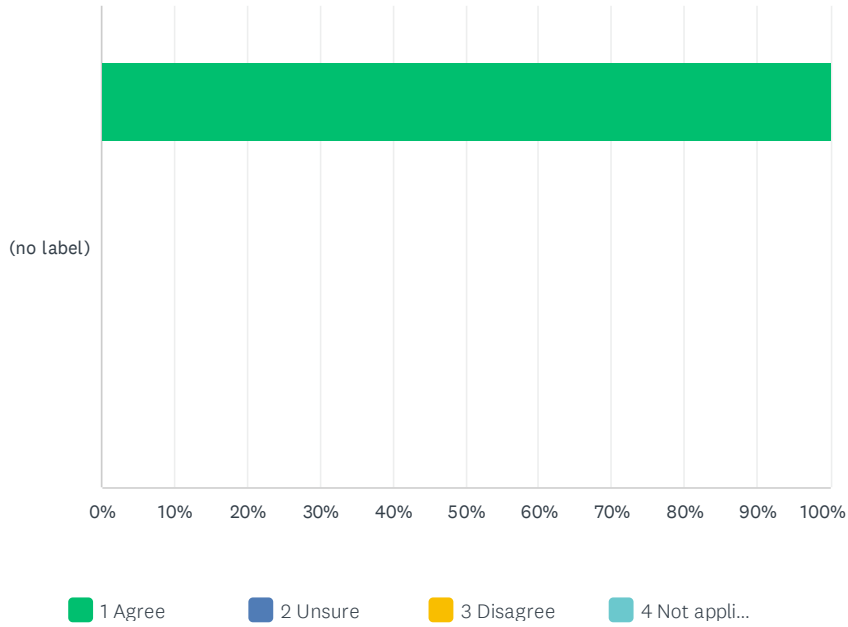
■ 1 Agree
 ■ 2 Unsure
 ■ 3 Disagree
 ■ 4 Not appli...

	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

30 / 50

Q39 The Committee has a positive attitude to continuous improvement in its dealings with management

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

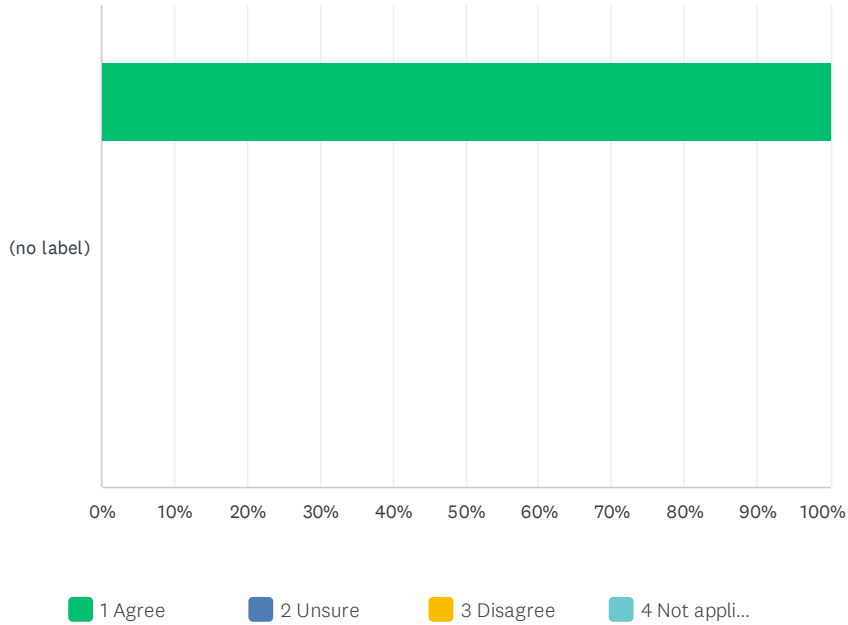
### Q40 Comments / suggestions for improvement

Answered: 0 Skipped: 5

#	RESPONSES	DATE
	There are no responses.	

Q41 The Committee reviewed and approved the internal audit plan

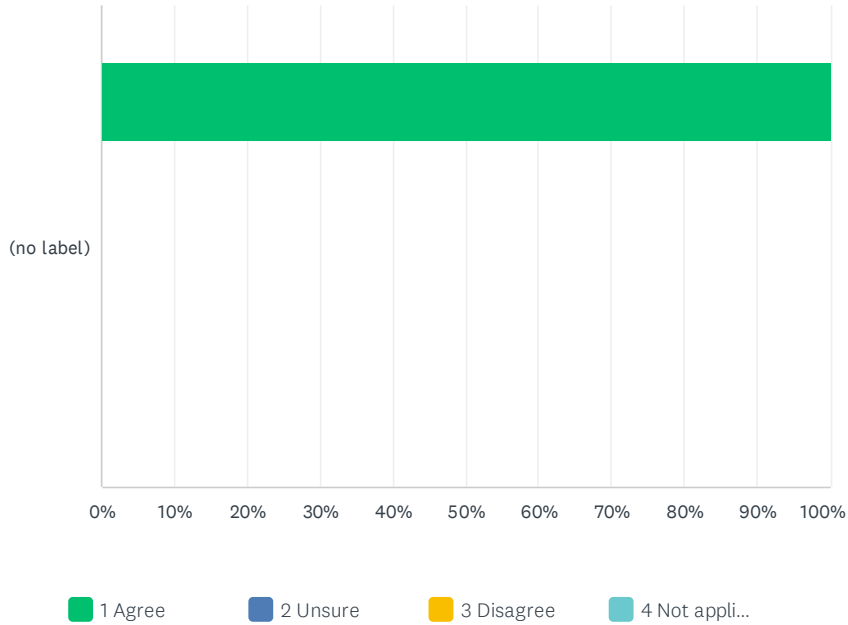
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q42 The Committee considered the adequacy of internal audit resources

Answered: 5 Skipped: 0

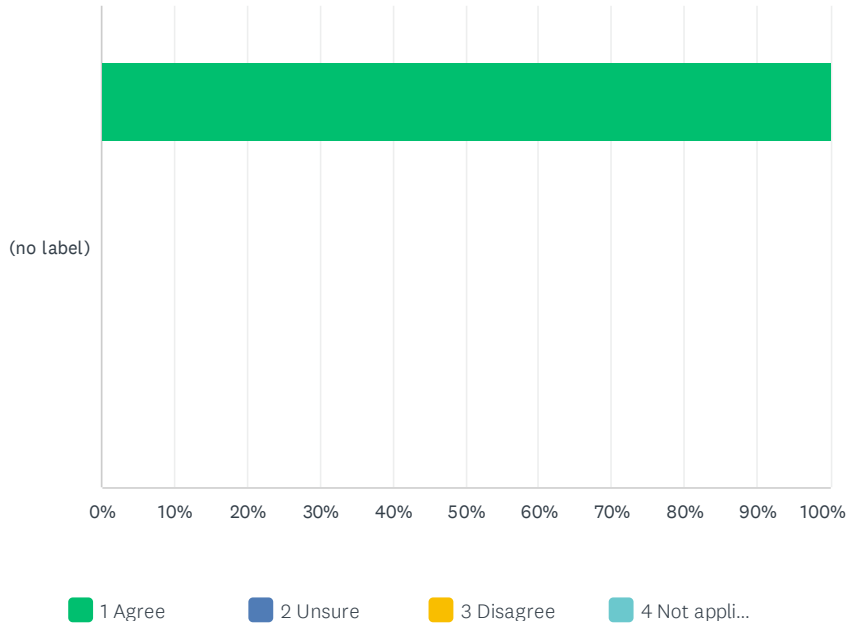


	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00



Q43 The Committee reviewed and approved any significant changes to the internal audit plan

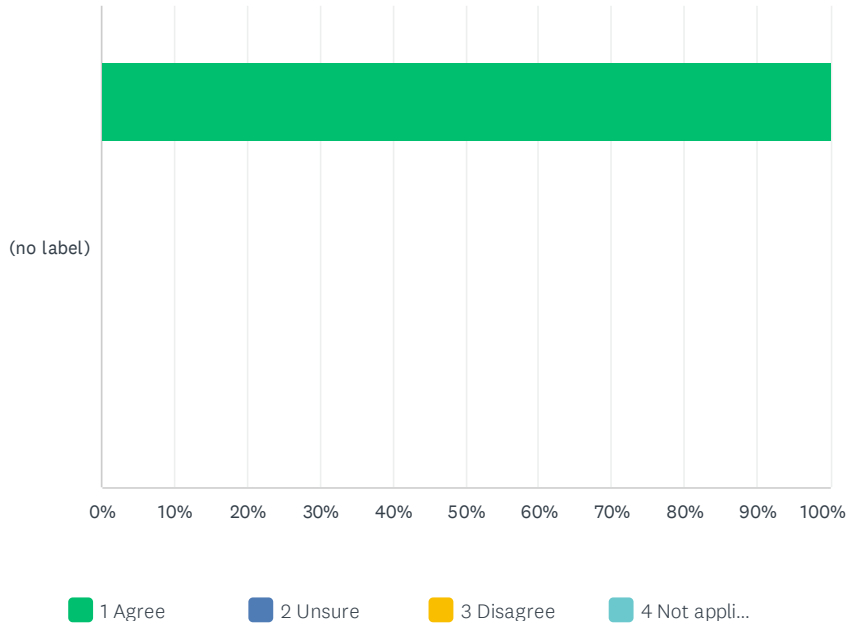
Answered: 4 Skipped: 1



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	4	1.00
	4	0	0	0		

Q44 The Committee considered the performance of the internal audit function

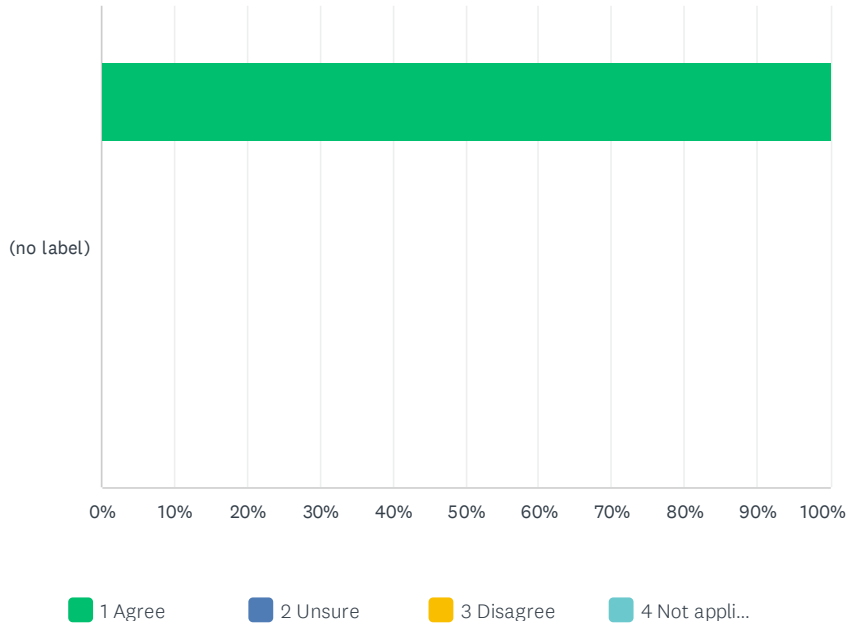
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q45 The Committee reviewed all internal audit reports and monitored management responses to recommendations

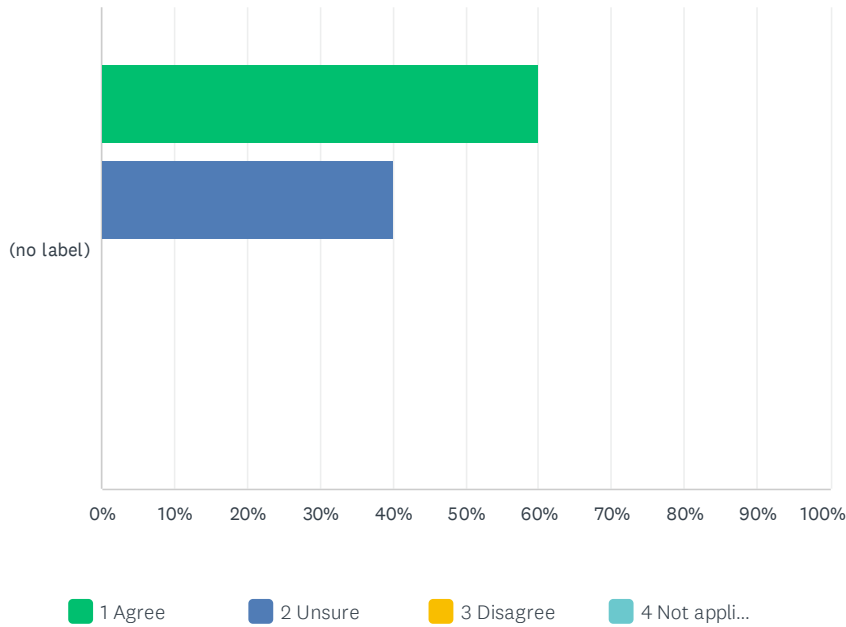
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q46 The Committee reviewed the Internal Audit Charter to ensure that appropriate structures, authority, access and reporting arrangements are in place for the internal audit function

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40

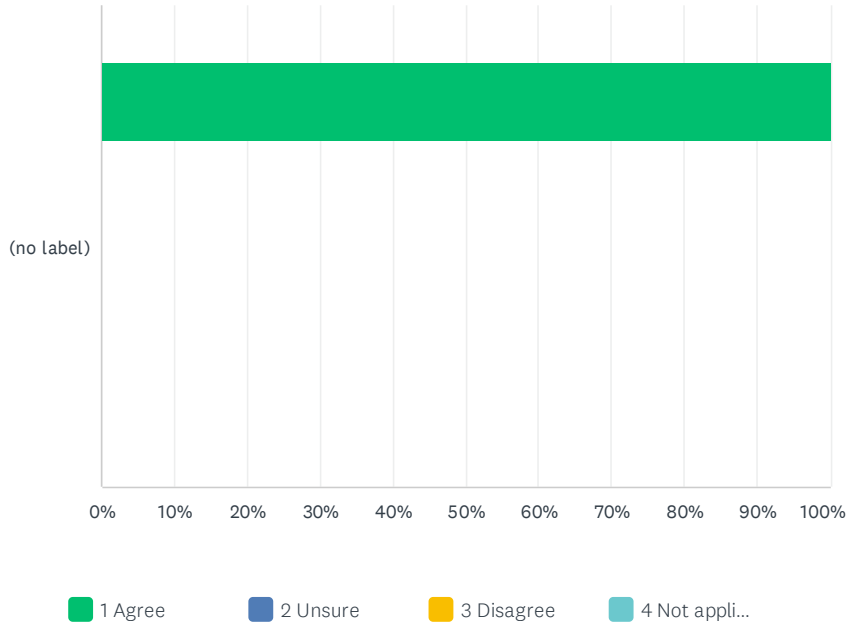
### Q47 Comments / suggestions for improvement

Answered: 2 Skipped: 3

#	RESPONSES	DATE
1	We may have reviewed the Internal Audit Charter although I can't recall doing so in recent times. Perhaps more emphasis could be placed on monitoring / measuring the performance of the Internal Auditor. Also the ARC should have input into the selection of the Internal Auditor.	4/18/2023 9:13 AM
2	Most internal audits are of good quality. Often recommendations made are too detailed or costly, or not appropriate for a small regional council like Loddon. Management should push back where this is the case.	4/6/2023 9:43 AM

Q48 The Committee reviewed and approved the external audit plan.

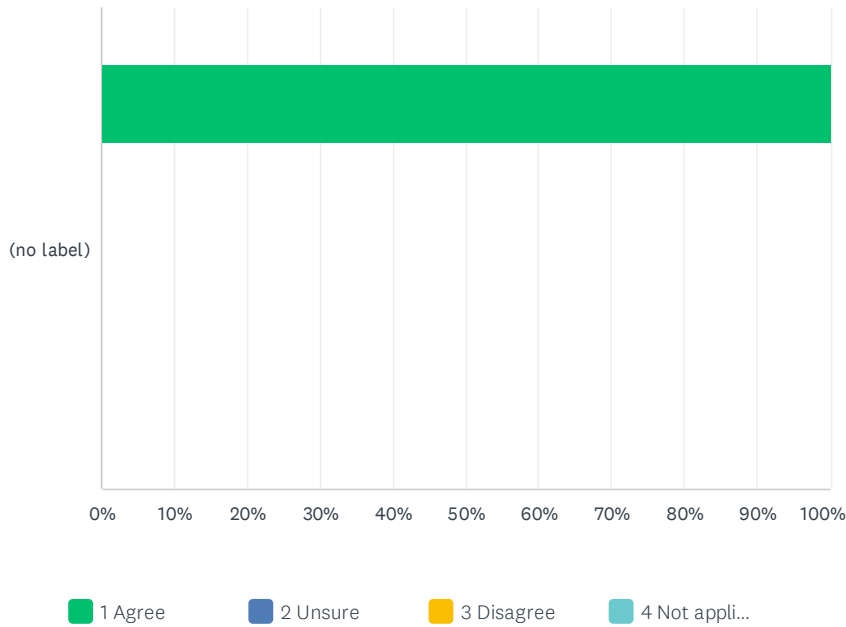
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00% 5	0.00% 0	0.00% 0	0.00% 0	5	1.00

Q49 The Committee reviewed external audit reports and management letters and monitored management responses to findings and recommendations made by external audit.

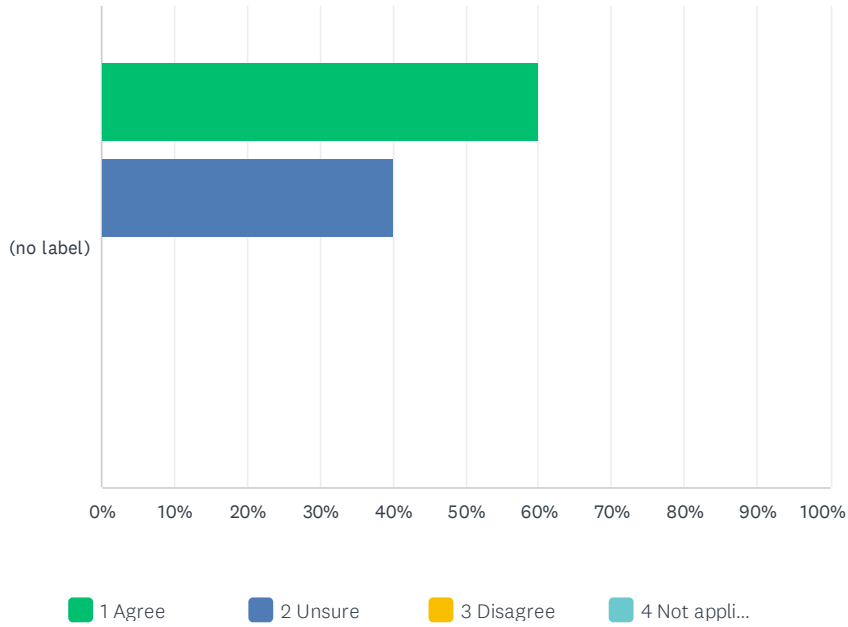
Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	100.00%	0.00%	0.00%	0.00%	5	1.00
	5	0	0	0		

Q50 The Committee provided feedback on the performance of external audit

Answered: 5 Skipped: 0



	1 AGREE	2 UNSURE	3 DISAGREE	4 NOT APPLICABLE	TOTAL	WEIGHTED AVERAGE
(no label)	60.00% 3	40.00% 2	0.00% 0	0.00% 0	5	1.40



### Q51 Comments / suggestions for improvement

Answered: 0 Skipped: 5

#	RESPONSES	DATE
	There are no responses.	

Risk and Risk Committee Self Assessment 2022/23

Q52 Other comments. (please phrase your comments as opportunities for improvement). Please note here any other comments you would like to make about Council's performance:

Answered: 2 Skipped: 3

#	RESPONSES	DATE
1	Survey answers would be useful to have option of partially agree and agree. Consider deep dive of high risk topics with presentation by management	4/19/2023 8:59 PM
2	Consider establishing a transition process when a new Chair is appointed.	4/18/2023 9:16 AM

50 / 50

# LODDON SHIRE COUNCIL

## AUDIT AND RISK COMMITTEE BIANNUAL REPORT: MAY 2023



## DOCUMENT INFORMATION

DOCUMENT TYPE:	Strategic document
DOCUMENT STATUS:	Draft
POLICY OWNER POSITION:	Director Corporate
INTERNAL COMMITTEE ENDORSEMENT:	Audit and Risk Committee
APPROVED BY:	Council
DATE ADOPTED:	<a href="#">Click here to enter date of approval</a>
VERSION NUMBER:	1
REVIEW DATE:	<a href="#">Click here to enter a date.</a>
DATE RESCINDED:	<a href="#">Click here to enter a date.</a>
RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	<a href="#">Click here to enter text.</a>
RELATED LEGISLATION:	<a href="#">Click here to enter text.</a>
EVIDENCE OF APPROVAL:	

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Signed by Chief Executive Officer

FILE LOCATION: Document2

**Strategic documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the Loddon Shire website to ensure that the version you are using is up to date.**

**This document is available in alternative formats (e.g. larger font) if requested.**

## ACKNOWLEDGEMENT OF COUNTRY

**Loddon Shire Council acknowledges the Traditional Custodians of the land comprising the Loddon Shire Council area. Council would like to pay respect to their Elders both past and present.**

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## 1 PURPOSE

The Audit and Risk Committee has been established in accordance with Section 53 of the Local Government Act 2020 (the Act). The committee provides support to Council in discharging its oversight responsibilities related to:

- financial and performance reporting
- risk management
- fraud prevention systems and control
- maintenance of a sound internal control environment
- assurance activities including internal and external audit and
- Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in the Committee's Charter.

Section 9 (c) of the (draft) Charter states:

*The Chairperson (through the Director Corporate) will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum. One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.*

This requirement is in addition to the legislative requirement under Section 54(5) of the *Local Government Act 2020* which states:

*An Audit and Risk Committee must—*

- a) prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
- b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

## 2 BUDGET IMPLICATIONS

This report does not impact the operational budget.

## 3 RISK ANALYSIS

Through the Council, the Audit and Risk Committee has oversight responsibilities in relation to risk management.

## 4 SCOPE

This report encompasses the activities of the Audit and Risk Committee for the November 2022 to March 2023 period. There were two meetings held during the period on 7 November 2022 and 13 February 2023.

## 5 COMMITTEE MEMBERSHIP

The Committee consists of five members appointed by Council, four of whom are independent members. The Committee membership for this reporting period included independent members:

Member	Initial appointment date	Current term's appointment date	End of current term
Rod Poxon	1 May 2015	1 May 2022	30 April 2026
Jarrah O'Shea	1 May 2019	1 May 2019	30 April 2023
Rod Baker	1 May 2012	1 May 2020	30 April 2024
Rachelle Tippett	1 May 2021	1 May 2021	30 April 2025

Cr Gavan Holt is the Councillor Representative for the Committee, with Cr Neil Beattie as his proxy.

Jarrah O'Shea advised the Committee at the February 2023 meeting that he would not be seeking a further term as an Independent Member. The Committee acknowledged the expertise and contributions from Mr O'Shea over his four year term on the Committee.

Recruitment for the vacant Independent Member position has commenced. It is anticipated the on-boarding and induction of the new member will occur in preparation for the member to attend the August 2023 meeting.

## 6 REMUNERATION

Remuneration is reviewed annually in accordance with the Consumer Price Index for *All Groups – Melbourne for December Quarter to December Quarter*. The current remuneration for independent Committee Members is:

1. Remuneration payable to Independent Committee Members of the Audit and Risk Committee of \$545.00 per meeting
2. An extra quarterly payment to the Chair during a one-year term
3. Payment of a travel reimbursement for Independent Committee Members paid at the rate that Councillors are reimbursed for travel.

## 7 COMMITTEE MEETINGS

Committee meetings are scheduled quarterly as the first Monday in February, May, August, and November, with the allowance for special meetings or circulating resolutions where required.

### 7.1 Committee meeting attendance

The following outlines the Committee Members' attendances for meetings in the reporting period:

Name	November 2022 Meeting	February 2023 Meeting	Total	Percentage of Attendance
Rod Baker	✓	✓	2	100%
Rod Poxon	✓	✓	2	100%
Rachelle Tippett	✓	✓	2	100%
Jarrah O'Shea	✓	✓	2	100%
Cr Gavan Holt	✓	✓	2	100%

In addition to Committee Members, attendance includes the following officers:

- Chief Executive Officer
- Director Corporate
- Manager Governance
- Governance Coordinator
- Administration Officer Corporate Services.

Additional relevant officers are invited to meetings to discuss their items and any internal audit reports related to their work.

## 8 COMMITTEE GOVERNANCE

### 8.1 Committee Charter

The Committee Charter is a requirement under the Local Government Act and outlines the responsibilities of the Audit and Risk Committee. The charter is supported by an annual work plan that ensures all responsibilities of the Audit and Risk Committee are addressed

The Committee last endorsed the Audit and Risk Charter at the 2 May 2022 meeting and this was adopted by Council at the 26 July 2022 Council Meeting. The Charter has undertaken a further comprehensive review and this will be presented at the 1 May 2023 Committee meeting for endorsement.

### 8.2 Annual Work plan

The Annual Work plan requirements have been documented in Council's compliance software "Reliansys" to provide good corporate knowledge on the reports that are required to be presented to the Committee, when they are due, and the responsible officer. The software also assists in the development of agendas. In the most recent review the Annual Work Plan has been aligned with the financial year.



## 9 ASSESSMENT AGAINST COMMITTEE CHARTER

In accordance with the Committee's Charter, the Committee is responsible for:

- Financial and performance reporting
- Internal Control Environment
- Risk Management
- Fraud Prevention Systems and Controls
- Internal Audit
- External Audit
- Compliance Management.

Each of the key responsibilities has been assessed against agenda items and action during the reporting period, with comments provided.

### 9.1 Financial and Performance Reporting

Details	Status
At least annually review significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof	<b>Complete:</b> This report is included in the 1 May 2023 agenda.
At least annually review changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council's performance indicators;	<b>Complete:</b> This report is included in the 1 May 2023 agenda.
Review the annual financial report and annual performance statement and consider whether they are complete, consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance and position;	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Review with management and the external auditors the results of the audit, including any difficulties encountered by the auditors and how they were resolved;	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Recommend the adoption of the annual financial report and annual performance statement to Council; and	<b>Complete:</b> This report was provided at the 1 August 2022 meeting.
Review the appropriateness of the format and content of periodic management financial reports and performance statements to Council as required.	<b>Complete:</b> Reports were presented at the 7 November 2022 and 13 February 2023 meetings.

Details	Status
In accordance with section 40(2) of the Local Government Act 2020 (Reimbursement of expenses of Councillors and members of a delegated committee) Council must provide details of all reimbursements under this section to the Audit and Risk Committee.	<b>Complete:</b> Reports were presented at the 7 November 2022 and 13 February 2023 meetings.

## 9.2 Internal Control Environment

Details	Status
Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a three to four year period;	<b>Complete:</b> Policies and other strategic documents relevant to the Committee have been presented in accordance with the annual workplan.
Determine whether systems and controls are reviewed regularly and updated where required;	<b>Complete:</b> The internal control environment is reviewed through internal audit reviews. These are provided to the quarterly Committee meetings.
Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;	<b>Complete:</b> This report was presented to the 7 November 2022 meeting.
Ensure that a programme is in place to test compliance with systems and controls;	<b>Complete:</b> This report was presented to the 13 February 2023 meeting.
Assess whether the control environment is consistent with Council's Governing Principles.	<b>Outstanding:</b> This report was presented to the 7 November 2022 meeting.

## 9.3 Risk Management

Details	Status
Review annually the effectiveness of Council's risk management framework;	<b>Complete:</b> This report is included within the 1 May 2023 agenda.
Review Council's risk appetite statement and the degree of alignment with Council's risk profile;	<b>Complete:</b> This report is included within the 1 May 2023 agenda.
Review Council's risk profile and the changes occurring in the profile from meeting to meeting;	<b>Complete:</b> This report was presented to the 7 November 2022 meeting.
Review Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;	<b>Complete:</b> This report was presented to the 7 November 2022 meeting.
Review the insurance programme annually prior to renewal; and	<b>Complete:</b> This report is included within the 1 May 2023 agenda.
Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.	<b>Complete:</b> This report is included within the 1 May 2023 agenda.

#### 9.4 Fraud Prevention Systems and Controls

Details	Status
Review Council's Fraud Prevention policies and controls, including the Fraud and Corruption Control Plan and fraud awareness programme at least every two years;	<b>Outstanding:</b> This report is included within the 1 May 2023 agenda.
Receive a verbal report from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event; and	<b>Complete:</b> Reports were presented at the 7 November 2022 and 13 February 2023 meetings.
Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.	<b>Complete:</b> This forms part of the verbal report (above).

#### 9.5 Internal Audit

Details	Status
Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations;	<b>Complete:</b> This report is included within the 1 May 2023 agenda.
Review and approve the three year strategic internal audit plan, the annual internal audit plan and any significant changes to them;	<b>Complete:</b> The Internal Audit Plan was endorsed by the Committee at the May 2022 meeting. This will next be presented to the August 2023 meeting by the Internal Auditor of the successful tender.
Review progress on delivery of annual internal audit plan;	<b>Complete:</b> Reports were presented at the 7 November 2022 and 13 February 2023 meetings.
Review and approve proposed scopes for each review in the annual internal audit plan;	<b>Complete:</b> In line with the Strategic Internal Audit Plan the report at the 7 November 2022 meeting provided no scope, the 13 February 2023 meeting agenda included the scope for Procurement and Contract Management.
Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;	<b>Complete:</b> Review of Data Governance was provided at the 13 February 2023 meeting and Review of Fraud and Corruption Control Framework was included at the 7 November 2022 meeting.
Meet with the leader of the internal audit function at least annually in the absence of management;	<b>Complete:</b> Standing agenda item for each quarterly meeting.

Details	Status
Monitor action by management on internal audit findings and recommendations;	<b>Complete:</b> Reports were presented at the 7 November 2022 and 13 February 2023 meetings.
Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;	<b>Complete:</b> This report is included within the 1 May 2023 Agenda.
Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider, including being appropriately briefed on the need for any proposed change;	<b>Not applicable:</b> The internal audit contract ends on 30 June 2023.
Recommend to Council, if necessary, the termination of the internal audit contractor.	<b>Not applicable.</b>

### 9.6 External Audit

Details	Status
Annually review and approve the external audit scope and plan proposed by the external auditor;	<b>Complete:</b> This report was presented at the 13 February 2023 meeting.
Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;	<b>Complete:</b> This item was included in the August 2022 agenda and is next scheduled for the August 2023 agenda.
Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;	<b>Complete:</b> A report is scheduled for the 1 May 2023 meeting and a final report scheduled for the August meeting.
Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views;	<b>Complete:</b> A report was presented within in the 7 November 2022 agenda and is next scheduled to be presented at the November 2023 meeting.
Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and	<b>Complete:</b> The Fraud Control Over Local Government Grants and findings for Loddon Shire Council have been monitored at each quarterly meeting.
Meet with the external auditor at least annually in the absence of management.	<b>Complete:</b> Standing agenda item at each quarterly Committee meeting.

**9.7 Compliance Management**

Details	Status
Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations and the results of management’s follow up of any instances of non-compliance;	<b>Complete:</b> A report was presented to the Committee on 7 November 2022.
Review the processes for communicating Council’s Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;	<b>Complete:</b> A report was presented to the Committee at the 13 February 2023 meeting.
Obtain briefings on any significant compliance matters; and	<b>Complete:</b> A report was presented to the Committee at the 13 February 2023 meeting.
Receive reports from management on the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies), such as the Ombudsman, IBAC, Victoria Government Inspectorate, etc. and monitor Council’s responses.	<b>Complete:</b> Standing agenda item.
Review reports on Gifts, Benefits and Hospitality.	<b>Complete:</b> A report was presented to the Committee on 7 November 2022.

**10 INTERNAL AUDIT PROGRAM**

**10.1 Reports provided to the Committee**

During the reporting period the Committee was provided with the following internal audit documents.

Audit Name	Audit Scope	Audit Report
Review of Fraud and Corruption Control Framework		November 2022
Review of Data Governance		February 2023
Procurement and Contract Management	February 2023	

The Procurement and Contract Management final report is scheduled to be presented at the May Audit and Risk Committee meeting.

**10.2 Open Actions List**

At the commencement of the reporting period there were 30 open audit actions. 21 actions were closed during the reporting period including the outstanding high risk actions.

There were 12 recommended audit actions added from the Review of Fraud and Corruption Control Framework audit and a further 13 actions added from the Review of Data Governance audit.

Consultation occurred with relevant officers to assist in the progressing of actions and the relevance of older actions remaining on the list. Audit actions with a high risk rating were a key focus to resolve which resulted in all high risk actions being closed during the reporting period.

At the conclusion of the reporting period there were 31 open audit actions, 6 not yet due, 9 current and 14 overdue. They are summarised by risk rating in the table below.

<b>Audit</b>	<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>	<b>Total</b>
Caravan Parks	1			1
Data Governance	8	5		13
Review of VPDSS		3		3
Fraud and Corruption Control Framework	1	6		7
Fleet Management	2			2
Governance Framework	3			3
Recreation Reserves		2		2
<b>Total</b>	<b>15</b>	<b>16</b>	<b>0</b>	<b>31</b>

## 11 FOCUS FOR THE NEXT REPORTING PERIOD

### 11.1 Financial Statements and Performance Statement

Reporting for the 2022/23 financial year will be presented to the Committee at the August 2023 meeting. The meeting will also include the Committee having an “in camera” meeting with the internal and external auditors.

### 11.2 Risk management

The Committee endorsed a suite of risk management documents at the May 2022 meeting including the Risk Appetite Statement, Risk Management Framework and Risk Management Policy. A Risk Management Implementation Plan was also endorsed and updates have been included in the 1 May 2023 meeting. Risk maturity and revision of risk registers will be a key focus for the next reporting period.

### 11.3 Open and outstanding audit actions

A strong focus will continue on progressing and completing open audit actions, particularly those that are now overdue. A new software program for monitoring of audit actions was implemented in October 2022 which facilitates improved reporting and oversight of actions.

### 11.4 Recruitment of Independent Member

Recruitment to the vacant four-year term for the Independent Member position is underway. Ideally the candidate will have strong knowledge and interest in Loddon Shire supported by technical or transferrable skills. The successful applicant will be required to undertake the comprehensive on boarding and induction program in preparation for their first committee meeting in August 2023.

### 11.5 Strategic Internal Audit Plan

The contract of the Internal Auditor concludes at 30 June 2023. A tender has been released inviting submissions for Internal Audit services for a three year period from 1 July 2023 to 30 June 2026 with an option of a further three year term at Councils discretion. Submission close on 10 May 2023. Establishment of the strategic internal audit plan will be a key focus following the appointment of the successful tenderer.



**Date:** Monday, 1 May 2023  
**Time:** 9.40am  
**Location:** Loddon Shire Council Chambers, Wedderburn

# MINUTES

## Audit and Risk Committee Meeting

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

**MINUTES OF LODDON SHIRE COUNCIL  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE LODDON SHIRE COUNCIL CHAMBERS, WEDDERBURN  
ON MONDAY, 1 MAY 2023 AT 9.40AM**

**PRESENT:** Cr Gavan Holt, Mr Rod Poxon and Mr Rod Baker (Chairperson)

**IN ATTENDANCE:** Lincoln Fitzgerald (Chief Executive Officer), Amanda Wilson (Director Corporate), Lisa Clue (Manager Governance) Tracy Hunt (Governance Coordinator) and Michelle Hargreaves (Administration Officer Governance)

Deanne Caserta (Manager Financial Services) – Item 6.6, items 7.1 – 7.6 and late item 7.21 – Overview of the 2023/24 Budget

Graeme Gilmore (Contracts Supervisor) – Item 6.6

Kathy Teasdale (RSD Audit) - Item 7.6

Kundai Mtsambiwa (HLB Mann Judd) – Items 6.6 and 7.1

**1 WELCOME**

Chairperson, Rod Baker welcomed those present to the meeting and confirmed that a quorum had been achieved.

**2 ACKNOWLEDGEMENT OF COUNTRY**

Chairperson, Rod Baker read the Acknowledgement of Country

**3 APOLOGIES**

Ms Rachelle Tippett

**4 DECLARATIONS OF CONFLICT OF INTEREST**

Nil



**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****5 PREVIOUS MINUTES****5.1 MINUTES OF PREVIOUS MEETING****File Number: FOL/20/612****Author: Michelle Hargreaves, Administration Officer****Authoriser: Lisa Clue, Manager Governance****Attachments: Nil****EXECUTIVE SUMMARY**

This report:

1. seeks Audit and Risk Committee (ARC) acceptance of Minutes from the last meeting as circulated to members; and
2. formally advises the ARC that those Minutes were presented to Council in accordance with the Audit and Risk Committee Charter.

**RECOMMENDATION**

That the Audit and Risk Committee accepts the Minutes of the meeting held 13 February 2023 as circulated and notes the Minutes were presented to Council at its meeting held 28 March 2023.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: Clause 9 – Reporting to Council

Annual Work Plan: 42

**ISSUES/DISCUSSION**

A copy of the 13 February 2023 ARC Meeting Minutes were made available to members via ShareFile for reference and feedback. No required amendments to the Minutes have been identified or advised.

The Minutes were presented to Council at its meeting held 28 March 2023 in accordance with the Audit and Risk Committee Charter.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2023/21**

Moved: Mr Rod Poxon

Seconded: Cr Gavan Holt

That the Audit and Risk Committee accepts the Minutes of the meeting held 13 February 2023 as circulated and notes the Minutes were presented to Council at its meeting held 28 March 2023.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****5.2 REVIEW OF ACTIONS FROM PREVIOUS AUDIT AND RISK COMMITTEE MEETINGS****File Number:** FOL/20/612**Author:** Michelle Hargreaves, Administration Officer**Authoriser:** Lisa Clue, Manager Governance**Attachments:** 1. Status of actions from resolutions  
2. Status of 'other actions'**EXECUTIVE SUMMARY**

In accordance with the Audit and Risk Committee Charter, this report provides an update on the status of actions from previous meetings.

**RECOMMENDATION**

That the Audit and Risk Committee notes all resolutions arising from the 13 February 2023 Audit and Risk Committee Meeting decision and compliance reports, and actions requested by the Committee during the course of that meeting have been acted upon.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 6.1.8

Annual Work Plan: 49

**ISSUES/DISCUSSION**

The status of actions arising from Audit and Risk Committee (ARC) meeting decision and compliance report resolutions are routinely monitored by officers and, in accordance with the Charter are reported to each subsequent meeting.

Additionally, actions requested by the ARC during the course of meetings are monitored and reported on until they have been completed.

No actions from previous meetings were outstanding at February 2023 ARC meeting.

All February 2023 ARC meeting decision and compliance report resolutions have been acted upon, as detailed in the 'Status of actions' attached to this report (Attachment 1).

The status of other actions requested by the Committee during the course of meetings is detailed in Attachment 2 – Status of 'other' actions.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**COMMITTEE RESOLUTION 2023/22**

Moved: Cr Gavan Holt

Seconded: Mr Rod Poxon

That the Audit and Risk Committee notes all resolutions arising from the 13 February 2023 Audit and Risk Committee Meeting decision and compliance reports, and actions requested by the Committee during the course of that meeting have been acted upon.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6 DECISION REPORTS****6.1 INTERNAL AUDIT ACTIONS PROGRESS REPORT****File Number:** FOL/20/612**Author:** Tracy Hunt, Governance Coordinator**Authoriser:** Lisa Clue, Manager Governance**Attachments:**

1. LSC - Internal Audit - Incomplete Actions (Q3 - 2022-23)
2. LSC - Internal Audit - Completed Actions (Q3 - 2022-23)

**EXECUTIVE SUMMARY**

This report provides an update for the Audit and Risk Committee (ARC) on the open internal audit recommendation actions. Three actions had been deemed complete and 31 actions remain open. Work has continued on 30 open actions, work on one action is not yet due to commence.

**RECOMMENDATION**

That the Audit and Risk Committee

1. Notes the progress by management on open audit actions and
2. Endorses the completed audit actions to be closed.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.5.7

Annual Work Plan: 28

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) last reviewed progress by management on open audit recommendations at its February 2023 meeting.

**BACKGROUND**

Reviewing the progress by management of open audit recommendations is a requirement of the Audit and Risk Committee Charter and Annual Work Plan.

In February 2023, the ARC received a report on 21 open audit recommendations; 10 of which were not yet due and 11 that were overdue for completion.

**ISSUES/DISCUSSION**

During the Q3 reporting period, the 13 actions from the *Internal Audit Report - Review of Data Governance*, accepted by the ARC at its February 2023 meeting, were added to the Pulse system for monitoring and reporting.

Active follow up of open audit actions, particularly those which are past their due date and those deemed high and medium risk, has continued since the last ARC meeting.

At the end of the Q3 reporting period, 3 actions had been deemed complete and 31 actions remain open. Work has continued on 30 open actions, work on one action is not yet due to commence.

Governance staff will continue to meet with relevant officers assigned open actions to support the progression of their completion.

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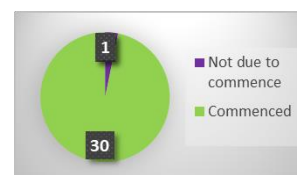
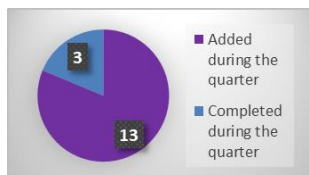
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**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**1 MAY 2023**

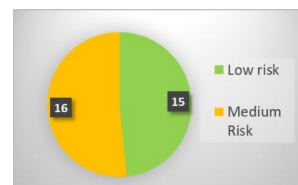
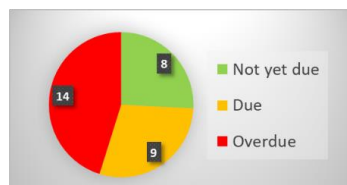
Status of actions are summarised below:

Topic	Total Actions				Action Status			
	Opening balance	Added during the quarter	Completed during the quarter	Closing balance	Not updated	Not due to commence	Commenced	Closing balance
Caravan Parks	1			1			1	1
Data Governance		13		13		1	12	13
Victorian Protective Data Security Standards	4		1	3			3	3
Fraud and Corruption Control Framework	9		2	7			7	7
Fleet Management	2			2			2	2
Governance Framework	3			3			3	3
Recreation Reserves	2			2			2	2
<b>Total</b>	<b>21</b>	<b>13</b>	<b>3</b>	<b>31</b>	<b>0</b>	<b>1</b>	<b>30</b>	<b>31</b>



A summary of the 31 open audit actions and associated risk ratings are summarised below:

Code	Topic	Action Due Date Status				Action Risk Status				
		Not yet due	Due	Overdue	Closing balance	Low risk	Medium Risk	High risk	Very High Risk	Closing balance
CP	Caravan Parks			1	1	1			0	1
DG	Data Governance	8	5		13	8	5		0	13
DS	Victorian Protective Data Security Standards			3	3		3		0	3
FC	Fraud and Corruption Control Framework		4	3	7	1	6		0	7
FM	Fleet Management			2	2	2			0	2
GF	Governance Framework			3	3	3			0	3
RR	Recreation Reserves			2	2		2		0	2
	<b>Total</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>31</b>	<b>15</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>31</b>



Attachment 1 to this report provides a detailed report on open audit actions, including progress and officer comments.

Attachment 2 to this report details completed actions including officer commentary as to the steps taken to address the action.

**COST/BENEFITS**

The benefit of this report is transparency in the progress of actions, and the opportunity for the ARC to discuss priorities. There is no cost associated with the development of this report.

**RISK ANALYSIS**

Audit actions have been identified to mitigate risks and/or add value to a Council process.

**CONSULTATION AND ENGAGEMENT**

Staff with responsibility for managing actions were consulted during preparation of data for this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee requested incomplete actions within future Internal Audit Actions Progress Reports be sorted by due date and risk rating to enable the Committee to focus on those requiring closest attention.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Discussion included strategic documents and policies assessed as high priority for review (GF2), which are being scheduled for review over coming months, and review of CAC Master Plans.

Document review timeframes will form part of the review process to ensure they reflect any relevant legislation, best practice and are appropriate for the document content. As operational documents, the review timing of CAC Master Plans does not pose an unacceptable level of risk to Council.

**COMMITTEE RESOLUTION 2023/23**

Moved: Mr Rod Poxon

Seconded: Mr Rod Baker

That the Audit and Risk Committee:

1. Notes the progress by management on open audit actions, and
2. Endorses the completed audit actions to be closed.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6.2 ENDORSEMENT OF MEETING SCHEDULE 2023/24**

**File Number:** FOL/19/613  
**Author:** Michelle Hargreaves, Administration Officer  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

In accordance with the Audit and Risk Committee Charter, a schedule of meetings is to be developed annually and agreed by members. This report considers a schedule of meetings for the 2023/2024 financial year.

**RECOMMENDATION**

That Audit and Risk Committee:

1. Endorses the following schedule of meetings for the 2023/2024 financial year:
  - 7 August 2023
  - 6 November 2023
  - 5 February 2024
  - 6 May 2024
2. Communicates the schedule to Council through Meeting Minutes and Biannual Report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 6.1.2

Annual Work Plan: 50

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

At the Audit and Risk Committee (ARC) Meeting held on 2 May 2022, the ARC confirmed the meeting schedule as the first Monday in February, May, August, and November commencing 1.00pm.

**BACKGROUND**

The ARC meeting schedule has historically been the first Monday in February, May, August and November. The meetings were previously scheduled to commence at 9am however were altered during the last financial year to commence at 1pm to accommodate member commitments.

It is a requirement of the Audit and Risk Committee Charter that a schedule of meetings be developed annually and agreed to by members.

**ISSUES/DISCUSSION**

The ARC may choose to retain the current schedule or decide to conduct meetings on a different day or time, consistent with statutory reporting timeframes and suitable to both members and officers.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****COST/BENEFITS**

This report and the subsequent decision supports availability and attendance of both members and officers, and meeting statutory reporting timeframes. There is no cost associated with this report.

**RISK ANALYSIS**

Nil

**CONSULTATION AND ENGAGEMENT**

ARC members and Council officers were engaged during establishment of the most recent meeting schedule.

**AUDIT AND RISK COMMITTEE COMMENTS**

Each meeting will be scheduled to commence at 9am.

In anticipation of staff absences on the eve of the Melbourne Cup Public Holiday, the November meeting will be scheduled one week later, being 13 November 2023.

**COMMITTEE RESOLUTION 2023/24**

Moved: Mr Rod Poxon

Seconded: Mr Rod Baker

That Audit and Risk Committee:

1. Endorses the following schedule of meetings for the 2023/2024 financial year:
  - 7 August 2023
  - 13 November 2023
  - 5 February 2024
  - 6 May 2024
2. Communicates the schedule to Council through Meeting Minutes and Biannual Report.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6.3 VAGO REPORT ON FRAUD CONTROL OVER LOCAL GOVERNMENT GRANTS  
ACTION PLAN PROGRESS**

**File Number:** FOL/20/612  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** 1. VAGO Actions Progress Report

**EXECUTIVE SUMMARY**

The progress of the ten audit recommendations within the VAGO Fraud Control Over Local Government Grants report is provided. Four actions have been completed and the remaining six have commenced.

**RECOMMENDATION**

That the Audit and Risk Committee notes the progress of the actions relating to the Victorian Auditor-Generals' Office review into Fraud Control Over Local Government Grants report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.7.4

Annual Work Plan: 4

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recently received an update on this matter at its February 2023 meeting.

**BACKGROUND**

In May 2022 the Victorian Audit-General's Office (VAGO) finalised and reported on its review into fraud control over local government grants. Loddon Shire Council was one of six councils participating in the review.

The ten audit recommendations within the report, along with management's agreed action plan was presented to the ARC at its August 2022 meeting when the Committee requested that progress towards completing actions be reported to each meeting until they are closed.

**ISSUES/DISCUSSION**

Progress updates for the ten recommendations in the VAGO report, including officer comments are contained within the attachment to this report.

Completed actions: 4

Commenced actions: 6

The open actions are now overdue and a high priority to finalise.

Four of the commenced actions are 80% complete or higher. Two of those actions will be closed following approval of policy at the April Council Meeting.



**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**COST/BENEFITS**

There are no direct costs associated with this report.

The benefit is an opportunity for continuous improvement with practice, process and policy.

**RISK ANALYSIS**

Actions not implemented to address the recommendations may result in increased risk exposure to Council, including reputational risk. This is mitigated through the oversight of the ARC.

**CONSULTATION AND ENGAGEMENT**

Key stakeholders within the Corporate and Community Support directorates were consulted during formulation of the action plan to address the VAGO recommendations and subsequent progress updates.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee was advised that Council's adoption of a revised Community Support Policy at its April meeting will now enable closure of an additional two actions and that VAGO has requested an update on actions taken to address recommendations by 30 June 2023.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6.4 AUDIT AND RISK COMMITTEE BIENNIAL REPORT****File Number: FOL/20/614****Author: Amanda Wilson, Director Corporate****Authoriser: Amanda Wilson, Director Corporate****Attachments: 1. Audit and Risk Committee Biannual Report: May 2023****EXECUTIVE SUMMARY**

The Audit and Risk Biannual Report May 2023 reports on the activities and compliance requirements of the Committee for the reporting period 1 November 2022 to 31 March 2023. The Biannual Report includes assessment against the Committee Charter confirming all requirements have been met for this period.

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Biannual Report: May 2023
2. Provides a copy of the Audit and Risk Committee Biannual Report: May 2023 to the Chief Executive Officer for tabling at the next Council Meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 9(c)

Annual Work Plan: 44

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recently received a biannual report at its 7 November 2022 meeting.

**BACKGROUND**

In accordance with section 54(5) of the *Local Government Act 2020*:

*An Audit and Risk Committee must—*

- a) prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and*
- b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.*

**ISSUES/DISCUSSION**

The Audit and Risk Committee Biannual Report: May 2023 is provided as an attachment for consideration and review by the ARC.

Following any amendments or inclusions requested by the Committee the report will be tabled at the May 2023 Council Meeting.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

The Biannual report includes details on Committee membership, meetings, governance, remuneration, internal audit plan, assessment against the Committee Charter and focus for the next reporting period.

**COST/BENEFITS**

The benefit of this report is providing all Councillors with oversight of the work of the Audit and Risk Committee.

There is no costs associated with development of this report.

**RISK ANALYSIS**

The Audit and Risk Committee has risk management oversight for the Council.

**CONSULTATION AND ENGAGEMENT**

There has been no consultation with development of this report. The content was sourced from the minutes of the relevant meetings.

**AUDIT AND RISK COMMITTEE COMMENTS**

In addition to the content of the Biannual Report the Committee discussed progress towards appointing a new Independent ARC member.

**COMMITTEE RESOLUTION 2023/25**

Moved: Cr Gavan Holt

Seconded: Mr Rod Baker

That the Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Biannual Report: May 2023
2. Provides a copy of the Audit and Risk Committee Biannual Report: May 2023 to the Chief Executive Officer for tabling at the next Council Meeting.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6.5 ENDORSEMENT OF AUDIT AND RISK COMMITTEE CHARTER****File Number:** FOL/20/612**Author:** Lisa Clue, Manager Governance**Authoriser:** Amanda Wilson, Director Corporate**Attachments:**

1. Draft reviewed Audit and Risk Committee Charter 2023 - 2025
2. Draft reviewed Audit and Risk Committee Charter 2023 - 2025 with tracked changes

**EXECUTIVE SUMMARY**

The Audit and Risk Committee Charter is required to be reviewed every two years, or earlier if necessary. The Charter has not been reviewed since first adopted by Council in November 2021, and a number of sections in the document have been identified as requiring amendment, ideally prior to the scheduled review date later this year.

This report seeks Audit and Risk Committee (ARC) consideration of proposed amendments before endorsing the Charter for consideration of Council.

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Charter and Annual Work Plan as attached to this report
2. Recommends to Council that the Audit and Risk Committee Charter be approved.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 10

Annual Work Plan: 46

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The ARC most recently reviewed the Charter in May 2022.

**BACKGROUND**

The Audit and Risk Committee Charter is the governing document for the ARC, ensuring that all roles and responsibilities expected by the Committee under the Local Government Act 2020 are met.

The current Charter was established using a template developed for the sector to support the requirements of the Local Government Act 2020 and was most recently reviewed in May 2022.

**ISSUES/DISCUSSION**

Officers have recently undertaken a review of the Audit and Risk Committee Charter, including:

- Realignment of the Internal Control Environment and Work Plan to be consistent with financial year reporting and compliance
- Providing for a summary of ARC meetings rather than Minutes to be provided to Council

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

- A number of administrative amendments, such as consistent use of terminology and language
- Alignment of the Charter to a number of strategic documents and policies.

The Draft reviewed Charter is attached to this report, along with a version of the document with tracked changes.

Following ARC review of the draft, including identifying any additional required amendments, the Charter will be presented to Council for adoption.

**COST/BENEFITS**

The benefit of endorsing the Charter is that it is aligned to the requirements of the Local Government Act 2020, and the associated work plan provides a clear roadmap for the Committee's activities.

There is no expectation that this report will incur any costs.

**RISK ANALYSIS**

There are no risks associated with this report.

**CONSULTATION AND ENGAGEMENT**

A number of Council Officers have been involved in reviewing the current Audit and Risk Committee Charter.

**AUDIT AND RISK COMMITTEE COMMENTS**

In addition to changes presented, the Committee agreed to remove the responsibility to review the Internal Audit Charter as this document does not currently exist.

**COMMITTEE RESOLUTION 2023/26**

Moved: Mr Rod Poxon

Seconded: Cr Gavan Holt

That the Audit and Risk Committee:

1. Endorses the Audit and Risk Committee Charter and Annual Work Plan as attached to this report, with one further deletion, being reference to the Internal Audit Charter.
2. Recommends to Council that the Audit and Risk Committee Charter be approved.

**CARRIED**

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****6.6 INTERNAL AUDIT REPORT: REVIEW OF PROCUREMENT AND CONTRACT MANAGEMENT****File Number:****Author:** Amanda Wilson, Director Corporate**Authoriser:** Amanda Wilson, Director Corporate**Attachments:** 1. Review of Procurement and Contract Management Final Report**EXECUTIVE SUMMARY**

The Internal Audit Report: Review of Procurement and Contract Management reports seven findings and nine recommended actions from those findings. Management agrees with eight of the recommended actions. There is one recommended action Management partially agrees with and this holds a high risk rating.

**RECOMMENDATION**

That the Audit and Risk Committee endorses the Internal Audit Report: Review of Procurement and Contract Management and accepts the nine recommended audit actions.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this paper, or involved in the subject matter of the paper.

**COMMITTEE REFERENCES**

Committee Charter: 7.5.5

Annual Work Plan: 26

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Each quarter the Audit and Risk Committee discusses the latest finalised internal audit report.

**BACKGROUND**

The Audit and Risk Committee endorsed the scope for the Review of Procurement and Contract Management at the February 2023 meeting.

**ISSUES/DISCUSSION**

The internal audit report for Review of Procurement and Contract Management contains seven findings with nine recommended actions. There is one high risk recommended action and eight medium risk actions.

The findings and associated risk rating for recommended actions are summarised in the table below:

Finding	Number of recommended actions	Risk Rating
The need to review and update the contracts register.	2	Medium
Tender Management Manual is still in draft form.	1	Medium
Absence of formal reporting and monitoring processes regarding procurement and tendering activities.	1	Medium

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Sample based testing noted instances where tendering and procurement documentation could not be located.	1	High
Enhancements noted in the Contract Management Manual. Further, our sample based testing noted shortfalls with respect to contract performance and reporting activities.	2	Medium
Potential probity issues regarding staff user access of e-tender board system.	1	Medium
The need to ensure staff complete procurement and contract management related training.	1	Medium

**COST/BENEFITS**

The cost of the audit is in accordance with the contract awarded to HLB Mann Judd following the 2019 tender. The benefits are continuous improvement to systems, process and practices which have been identified and accepted through the internal audit process.

**RISK ANALYSIS**

The Audit and Risk Committee is Council's assurance oversight, which is known as the third line of defence. The first and second line of defence are:

1. Management controls and internal control measures (own and manage the risks)
2. Financial controls, risk management processes, quality controls, security (such as delegations), inspection and compliance (oversee risks).

The three lines of defence are designed to improve the risk management process in the organisation, and the Committee's work is integral to that.

**CONSULTATION AND ENGAGEMENT**

The report identifies the key stakeholders consulted during the audit and these staff members were consulted in reviewing the audit recommendations and providing management comments.

Key Procurement staff will attend the Audit and Risk Committee meeting for the presentation of this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed sample testing undertaken during the Audit, particularly sampling documents developed prior to Council centralising the procurement function, and challenges associated with conducting audits remotely.

In response to a question relating to risk levels for risk #45 and #190 in Council's Risk Register, officers advised these risks and levels have been discussed and accepted by Council, however they will be further reviewed within the next couple of months within a scheduled review of the Strategic Risk Register.

**COMMITTEE RESOLUTION 2023/27**

Moved: Mr Rod Poxon  
Seconded: Cr Gavan Holt

That the Audit and Risk Committee endorses the Internal Audit Report: Review of Procurement and Contract Management and accepts the nine recommended audit actions.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7 INFORMATION REPORTS****7.1 REGULATORY AND INTEGRITY AGENCY FINDINGS RELEVANT TO LOCAL GOVERNMENT**

**File Number:** FOL/20/612  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lisa Clue, Manager Governance  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report updates the Audit and Risk Committee (ARC) on recent regulatory and integrity agency examinations and investigations, and subsequent findings relevant to local government, and supports the Committee to assess Council's risk exposure and ensure Council has best practice policies and procedures in place across the organisation.

**RECOMMENDATION**

That the Audit and Risk Committee note regulatory and integrity agency examination and investigations and subsequent findings relevant to local government as tabled and presented at the meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.7.4

Annual Work Plan: 41

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The ARC most recently received an update on regulatory and integrity agency examination and investigations at its February 2023 meeting.

**BACKGROUND**

The ARC is provided with quarterly updates on examinations and investigations that have been undertaken by regulatory and integrity agencies, and their findings, relevant to the sector.

**ISSUES/DISCUSSION**

Recent regulatory and integrity agency examinations and investigations, and their findings relevant to local government will be tabled at the meeting and presented by HLB Mann Judd.

**COST/BENEFITS**

Reports detailing examinations and investigations undertaken by regulatory and integrity agencies provide examples of good and best practice, as well as potential risk exposures across a broad range of local government functions.

There is no cost associated with this report.



**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**RISK ANALYSIS**

Reports are generally related to risk mitigation within the sector and may initiate or inform a review of Council policies and procedures where relevant and appropriate.

**CONSULTATION AND ENGAGEMENT**

Nil.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.2 SIGNIFICANT CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES**

**File Number:** FOL/19/613  
**Author:** Deanne Caserta, Manager Financial Services  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

Council needs to ensure that where there are changes to any significant accounting policies and disclosures, sufficient planning processes are underway to ensure compliance.

**RECOMMENDATION**

That the Audit and Risk Committee notes the significant changes to Accounting Policies and Disclosures as outlined in the report.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1.1

Annual Work Plan: 21-23

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

This is the first time this report has been presented to the Audit and Risk Committee.

**BACKGROUND**

Accounting standards, policies and disclosures are on a continuous review and improvement process. The Local Government Model Financial Report (LGMFR) is published by Local Government Victoria each year to assist councils in preparing annual financial statements in accordance with Australian Accounting Standards.

**ISSUES/DISCUSSION**

There are no changes to accounting standards within the 2022/23 reporting year.

The key changes for the LGMFR are provided below:

- A reference column (column A) has been added to the LGMFR to identify the specific Australian Accounting Standard requirements, or legislative or regulatory requirements, that require particular disclosures or inclusions in the model accounts;
- Additional discretion has been given to councils to determine whether to include certain notes (3.7, 4.4, 4.5,4.6, 4.7, 4.8, 5.2,5.8,6.1 and 6.4) based on materiality;
- The sub-heading and sub-total in the Statement of Comprehensive Income have been amended to "Income / Revenue" and "Total income / revenue" respectively to better reflect the Australian Accounting Standards distinction between Income under AASB 1058 Income of Not-for-Profit Entities and Revenue under AASB 15 Revenue from Contracts with Customers.
- A new line item has been added to the Balance Sheet for prepayments;

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

- Additional information on accounting policy selection and the GST has been added to Note 1;
- Note 2 has been given a new heading, “Analysis of our results”, and been amended throughout to match the changed Statement of Comprehensive Income language of “Income / Revenue”.
- Concept of intended allocations, restricted and unrestricted cash removed from the LGMFR;
- Guidance supporting Note 5.6 Financing Arrangements has been updated to clarify the expectation that councils disclose all financing arrangements at this note.
- Additional disclosures regarding the date and type of the current valuations has been added to Note 6 Property, Infrastructure, Plant and Equipment.
- Senior officer disclosures replaced with ‘other senior staff’ disclosures, threshold increased to \$160k and must also report directly to a member of Key Management Personnel; and
- The superannuation contribution rate has been updated to 10.5 per cent.

**COST/BENEFITS**

There are expected to be no additional financial cost in implementing these reporting changes, however it is expected that there may be additional administrative resources needed.

**RISK ANALYSIS**

By reviewing the model financial report once released and reporting to the Audit and Risk Committee it gives an early indication of any major changes required to Council activities and reporting.

**CONSULTATION AND ENGAGEMENT**

The model financial reports are reviewed annually and staff have an opportunity to share any concerns through FinPro (the accounting peak body for Local Government), who are a key stakeholder in the review and update of these documents.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

7.3 REPORT ON COUNCILLOR EXPENSES

File Number: FOL/20/612
Author: Deanne Caserta, Manager Financial Services
Authoriser: Amanda Wilson, Director Corporate
Attachments: Nil

EXECUTIVE SUMMARY

Section 40(2) of the Local Government Act 2020 (the Act) requires Council to provide details to the Audit and Risk Committee (ARC) of all out-of-pocket expenses reimbursed to Councillors under section 40(1) of the Act.

RECOMMENDATION

That the Audit and Risk Committee notes the quarterly report on Councillor expenses.

CONFLICT OF INTEREST

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

COMMITTEE REFERENCES

Committee Charter: 7.1.7 Annual Work Plan: 7

PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION

The Audit and Risk Committee are provided with a report on Councillor expenses quarterly.

BACKGROUND

Council will also publish this information annually in the Annual Report, and the information provided to the ARC will be in the same format for consistency.

ISSUES/DISCUSSION

This report provides the ARC with a quarterly snapshot of the allowances, reimbursements and expenses provided to or on behalf of Councillors for the current financial year.

Cost incurred for the first three quarters of 2022/23 (July 2022 to March 2023) are:

Table with 6 columns: Quarter One 2022/23, Cr Beattie, Cr Holt, Cr Jungwirth, Cr Murphy, Cr Straub. Rows include Councillor Allowance, Car Mileage, Conference and Training Expenses, Information and Communication Expenses, and a TOTALS row.

## AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

Quarter Two 2022/23	Cr Beattie	Cr Holt	Cr Jungwirth	Cr Murphy	Cr Straub
Councillor Allowance	\$ 6,108.96	\$ 6,108.96	\$ 6,108.96	\$ 6,108.96	\$ 18,945.49
Car Mileage		\$ 497.60	\$ 1,758.24		\$ 4,500.00
Conference and Training Expenses	\$ 695.00	\$ 1,196.45	\$ 1,053.48	\$ 1,249.00	\$ 200.00
Information and Communication Expenses	\$ 47.20	\$ 47.20	\$ 47.20	\$ 47.20	\$ 47.21
<b>TOTALS</b>	<b>\$ 6,851.16</b>	<b>\$ 7,850.21</b>	<b>\$ 8,967.88</b>	<b>\$ 7,405.16</b>	<b>\$ 23,692.70</b>

Quarter Three 2022/23	Cr Beattie	Cr Holt	Cr Jungwirth	Cr Murphy	Cr Straub
Councillor Allowance	\$ 6,286.74	\$ 6,286.74	\$ 6,286.74	\$ 6,286.74	\$ 19,483.23
Car Mileage	\$ -	\$ -	\$ 1,029.44	\$ -	\$ 4,500.00
Conference and Training Expenses	\$ 972.73	\$ 1,218.18	\$ 3,181.37	\$ 3,402.28	\$ 1,222.73
Information and Communication Expenses	\$ 11.80	\$ 11.80	\$ 11.80	\$ 11.80	\$ 11.79
<b>TOTALS</b>	<b>\$ 7,271.27</b>	<b>\$ 7,516.72</b>	<b>\$ 10,509.35</b>	<b>\$ 9,700.82</b>	<b>\$ 25,217.75</b>

For comparison purposes, costs incurred for quarter four of 2021/22 (April 2022 to June 2022) are listed below:

Quarter Four 2021/22	Cr Beattie	Cr Holt	Cr Jungwirth	Cr Murphy	Cr Straub
Councillor Allowance	\$ 6,020.01	\$ 6,020.01	\$ 6,020.01	\$ 6,020.01	\$ 18,676.50
Car Mileage	\$ -	\$ -	\$ 3,118.00	\$ -	\$ 4,500.00
Conference and Training Expenses	\$ -	\$ 1,836.08	\$ 3,030.44	\$ 2,391.22	\$ 1,204.79
Information and Communication Expenses	\$ 273.81	\$ 273.80	\$ 273.82	\$ 273.82	\$ 273.82
<b>TOTALS</b>	<b>\$ 6,293.82</b>	<b>\$ 8,129.88</b>	<b>\$ 12,442.26</b>	<b>\$ 8,685.04</b>	<b>\$ 24,655.10</b>

Please note that the car mileage cost for the Mayor is a pro rata charge of \$18,000 for the provision of a car and includes the vehicle and all related running costs.

**COST/BENEFITS**

The benefit of providing this report to the ARC is enabling the Committee to monitor Council reimbursements and ensure that these are in line with the approved Council Expenses Policy. There no other costs associated with the report.

**RISK ANALYSIS**

Failure to provide this report would breach Section 40(2) of the Local Government Act 2020, which states: "A Council must provide details of all reimbursements under this section to the Audit and Risk Committee."

**CONSULTATION AND ENGAGEMENT**

Nil

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.4 REVIEW TO ENSURE THAT MANAGEMENT RESPONSES TO ANY EXTERNAL AUDIT FINDINGS ARE APPROPRIATE AND TIMELY**

**File Number:** FOL/20/612  
**Author:** Deanne Caserta, Manager Financial Services  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

The Audit and Risk Committee Charter and Annual Work Plan require the Audit and Risk Committee to routinely review management responses to External Audit findings.

**RECOMMENDATION**

That the Audit and Risk Committee note that Council has one action outstanding in relation to external audit findings.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.6.3

Annual Work Plan: 33

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

This review is a requirement of the Audit and Risk Committee Charter and Annual Work Plan, and a standing Audit and Risk Committee (ARC) Meeting Agenda item.

**BACKGROUND**

Council is subject to an external audit of the financial statements and performance statement annually. Actions may be identified by the external auditor to improve Council's processes for future audits.

**ISSUES/DISCUSSION**

Council has open findings for the following external audits:

<b>Name of Audit</b>	<b>Name of Auditor</b>	<b>Number of actions listed</b>	<b>Date listed</b>	<b>Number of actions outstanding</b>
Final Management Letter - 2021-2022 Financial Report and Performance Statement	RSD on behalf of VAGO	1	1 August 2022	1

The action relates to: **IT Governance**

**Finding:** Our review of IT governance indicated that there is no formal ICT Steering Committee to direct the activities of the IT Department.

In addition to above, refer to our Business Improvement section above, please for outlined business improvement opportunities identified during our audit.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

**Implication:** Given the size of the entity and its increasing reliance on IT systems, it is important to have a sound IT oversight.

**Recommendation:** We recommend the organisation form an IT steering committee to oversee significant IT matters and guide the activities of the IT Department.

**Recommendation:** Accepted

**Responsible officer:** Manager Information Technology

**Implementation date:** 30 September 2022

**Management Comments:** The Manager role has recently been filled and the Information Technology Strategy is currently being reviewed which will incorporate the opportunities identified in the findings. Given the size of the organisation ongoing IT oversight will be provided by Loddon Leaders (CEO, Directors and Managers) and included as a standing agenda item to ensure all parties are consulted.

**Update:** The Terms of Reference for the Loddon Leaders group is currently under review and this standing agenda item will be added to formalise the addition of this section within the meeting structure.

**COST/BENEFITS**

The benefit of this report is ARC oversight to ensure actions arising from the external audit are managed and implemented to improve processes and information.

There is no cost associated with this report.

**RISK ANALYSIS**

Monitoring of the outstanding actions by the ARC ensures they are responded to appropriately.

**CONSULTATION AND ENGAGEMENT**

Relevant senior staff were consulted about the management action prior to the Management Letter being finalised.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.5 QUARTERLY REVIEW OF FINANCE REPORTS AND PERFORMANCE REPORTS****File Number: FOL/20/613****Author: Deanne Caserta, Manager Financial Services****Authoriser: Amanda Wilson, Director Corporate****Attachments: 1. Finance Report for the Quarter Ending 31 March 2023****EXECUTIVE SUMMARY**

Section 54(2)(b) of the Local Government Act 2020 and the Audit and Risk Committee Charter and Annual Work Plan require the Audit and Risk Committee (ARC) to 'monitor Council financial and performance reporting'.

This report presents the Finance Report for the quarter ending 31 March 2023 for the information of the ARC.

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Notes the Finance Report for the quarter ending 31 March 2023

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1.6

Annual Work Plan:6

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

At the April 2021 Council Meeting, it was resolved to receive future finance reports on a quarterly basis inclusive of Income Statement, Balance Sheet, Statement of Cash Flow and Statement of Capital Works. This same proposal was recommended to the Audit and Risk Committee (ARC). The first quarterly report was presented to the ARC at the August 2021 meeting.

**BACKGROUND**

Section 54(2)(b) of the Local Government Act 2020 and the Audit and Risk Committee Charter and Annual Work Plan require the Committee to 'monitor Council financial and performance reporting'.

At each meeting in the past, the ARC has reviewed the financial report for the most recent period.

The Finance Report for the period ended 31 March 2023 includes standard quarterly information about budget variations, cash, investments, interest, debtors and creditors, and provides a comparison of year-to-date actual results to year-to-date budget (by dollars and percentage) and total revised budget (by percentage).

The information is in the format provided in the adopted 2022/23 Budget, and includes operating results, capital expenditure and funding sources. The report also includes a cash flow statement and the community planning program financials.



**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

This Finance Report also includes reporting on supplementary valuations. Each year Council makes a number of additions, subtractions and alterations to the valuations contained in the annual rate book. These changes arise from various sources including:

- splitting of parcels into new rateable assessments
- development of vacant or unproductive land (urban and rural)
- consolidation of separate rateable assessments into one assessment
- re-assessment of property valuations arising from objections to the initial valuation
- additions and cancellations of licences (grazing and water frontages)
- change of use
- covenant on Title
- area amendment
- change of Australian Valuation Property Classification Code (AVPCC)
- supplementary valuation corrections.

**ISSUES/DISCUSSION**

**Budgeted Surplus** - Council's budgeted cash surplus has increased from December 2022 by \$1.7M to \$7.51M. The main variations include an increase to the expected interest to be received for the financial year offset by additional funds allocated to the capital works program of the swimming pools.

**Income Statement (revenue)** - Council's year to date (YTD) operating revenue is at 74% of total budget. Revenue brought to account for the quarter was \$2.6M. Fees and charges actuals are all behind YTD budget. Other grant incomes including non-recurrent operating, recurrent operating and non-recurrent capital are also behind YTD budget.

**Income Statement (expenditure)** - Council's operating expenditure is at 61% of total budget. Payments for this quarter totalled \$7.83M (\$9.13M in December 2022). All expense items are tracking behind expected budget expenditure with creditors and contractors the most significant.

**Capital Works** - The revised budget for capital works is \$24.2M and is 26% (16% at the end of December 2022) complete in financial terms for the current financial year.

The main variations within capital expenditure relate to:

- building and property maintenance of \$474K, the Building Asset Management Plan allocations are now finalised and some works are underway, but others are still in the design phase
- multiple community planning projects which have not yet being started, these will progress over the year
- plant replacement of \$1.73M. Equipment has been ordered but there is an extensive delivery delay with some items of plant.

**Service Areas** – Appendix 3 provides Council with net results for each service area. As further work is undertaken on service planning and reviews throughout the year, the cost of each service will be refined.

**Balance Sheet** - Council has a cash total of \$41.3M with \$4.13M in general accounts. Total debtors at the end of March 2023 are \$2.13M, this includes \$1.6M in rates (\$10.07M rates at the end of December 2022). Sundry debtors total \$0.1M with invoices outstanding for 90 or more days relating to community wellbeing debtors and local community groups totalling approximately \$0.2M.

Reports are also provided on the community planning programs to show the progress against budget along with the expenditure and income to date for the caravan parks.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Reports are also provided on the community planning programs to show the progress against budget along with the expenditure and income to date for the caravan parks.

**COST/BENEFITS**

The benefit to the ARC, Council and the community is that accurate and regular financial reporting is disclosed, along with an accurate representation of property valuations being reflected in Council's rating system and the distribution of rate notices for the year 2022/23.

There are no associated costs with the preparation of this report.

**RISK ANALYSIS**

The provision of regular and accurate finance reports minimises the risk of Council not delivering projects within the approved budget. Council's risk exposure is increased if the rating system does not reflect the valuation changes associated with supplementary valuations as Council will not be aware of the changes, which can alter the rate revenue in the current year and in future rating years.

During October 2022 Loddon Shire experienced significant flooding which has resulted in many operational staff being diverted to respond or support flood recovery. This reallocation of human resources limits delivery of programmed services and infrastructure. There is potential that this could continue over the coming years as infrastructure is rebuilt creating variance between budget and delivery

**CONSULTATION AND ENGAGEMENT**

There has been considerable consultation internally with respective managers in understanding their budget responsibilities and keeping within budgetary constraints.

External engagement with the community was undertaken during the submission period of the budget, and regular reporting provides a mechanism of monitoring the financial outcomes of Council against that expectation.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed resourcing challenges and their impact on project delivery and subsequently, financial statements.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.6 INTERIM MANAGEMENT LETTER**

**File Number:** GF/19/83713  
**Author:** Deanne Caserta, Manager Financial Services  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** 1. Interim Management Letter

**EXECUTIVE SUMMARY**

Each year the Audit and Risk Committee is presented with the Interim Financial Management Letter upon first midyear visit to undertake initial audit actions.

**RECOMMENDATION**

That the Audit and Risk Committee notes the Interim Management Letter for the year ended 30 June 2023.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1

Annual Work Plan: 3, 6

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The previous report was presented to the Audit and Risk Committee in May 2022. The Final Management Letter was presented in August 2022.

**BACKGROUND**

Each year the external auditors conduct an audit to express an opinion on the financial report and performance statement. This report is followed by a closing report, which is usually presented by the auditors at or around the August meeting. This closing report is followed by a final management letter.

**ISSUES/DISCUSSION**

Council has open findings for the following external audits:

<b>Name of Audit</b>	<b>Name of Auditor</b>	<b>Number of actions listed</b>	<b>Date listed</b>	<b>Number of actions outstanding</b>
Final Management Letter - 2021-2022 Financial Report and Performance Statement	RSD on behalf of VAGO	1	1 August 2022	1

The carried forward item has been monitored with ongoing updates in a separate report provided to the committee.

Attached to the agenda is a draft Interim Management Letter and includes one carry forward item from 2021/22 and one new item for 2022/23.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

The new finding is as below:

The action relates to: **DRP Testing**

**Finding:** Our review of the key IT controls noted that the Disaster Recovery Plan (DRP) had not been tested since April 2020.

The DRP is a critically important in the event of a major event occurring. Without proper testing and adequate preparedness, the entity may be vulnerable due to gaps or lack of understanding, resulting in losses of productivity, data, or worse.

The DRP was last reviewed in 2019, the current plan does not have a next review date noted.

We also note that no testing of the BCP has been completed except for the reviews undertaken due to COVID.

**Recommendation:** We recommended management ensure appropriate testing of both the DRP and BCP are scheduled and performed on at least a bi-annual basis.

Appropriate staff should also be provided training to ensure plans are implemented effectively when required.

**Recommendation:** Accepted

**Responsible officer:** Manager Information Technology / Manager Governance

**Implementation date:** 31 October 2023

**Management Comments:** The DRP testing is scheduled for minor testing to be undertaken quarterly. The previous two tests were conducted in October 2022 and April 2023. A full offsite test will be undertaken annually and this is scheduled for October 2023 within the testing of the new corporate system. The BCP has had an external review with the findings to be presented to the A&R committee for review in May 2023. These findings will be implemented into the reviewed document with adopted expected over the next 3 months.

**COST/BENEFITS**

The cost of this audit is included in Council's operational budget.

**RISK ANALYSIS**

There are compliance and reputational risks in the instance the operational activities associated with this report not be completed. This report confirms compliance and mitigates the risk.

**CONSULTATION AND ENGAGEMENT**

Relevant staff are consulted during the audit.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.7 CHANGES TO LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK****File Number:** FOL/19/613**Author:** Lisa Clue, Manager Governance**Authoriser:** Amanda Wilson, Director Corporate**Attachments:**

1. Summary of Changes
2. Overview of changes to LGPRF for 2023-24

**EXECUTIVE SUMMARY**

The Audit and Risk Committee Charter requires the Committee to annually review changes to the Local Government Performance Reporting Framework (LGPRF) as notified by Local Government Victoria. This report provides an overview of changes that took effect from 1 January 2023 and changes that will take effect from 1 July 2023.

**RECOMMENDATION**

That the Audit and Risk Committee notes the changes to the Local Government Performance Reporting Framework.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1.2

Annual Work Plan: 2

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recently considered changes to the Local Government LGPRF at its meeting in May 2022.

**BACKGROUND**

The LGPRF is a mandatory system of reporting for all Victorian councils that ensures they measure and report on their performance in a consistent way to promote sector transparency and accountability.

The Audit and Risk Committee Charter requires the ARC to annually review changes to the LGPRF as notified by Local Government Victoria.

**ISSUES/DISCUSSION**

A Better Practice Guide is developed each year to support Council and its officers in their understanding and use of the indicators and measures which make up the LGPRF. The Guide aims to ensure consistency, quality and accuracy of data provided as part of reporting against the LGPRF. The Guide applicable to the 2023-24 reporting period is available from the Local Government Victoria website:

[www.localgovernment.vic.gov.au/\\_data/assets/pdf\\_file/0019/194050/LG-BPG-Performance-Reporting-Indicator-Guide-2023-24-.pdf](http://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0019/194050/LG-BPG-Performance-Reporting-Indicator-Guide-2023-24-.pdf)

Attachment 1 to this Agenda report summarises changes between the Better Practice Guide applicable to the 2022-23 reporting period and the Better Practice Guide applicable to the 2023-24 reporting period.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Attachment 2 to this report is a Practice Note providing an overview of changes that took effect from 1 January 2023 and changes taking effect from 1 July 2023.

Changes effective from 1 January can be summarised as:

- Introduction of target setting for eight measures as part of Council's budget relating to:
  - Governance – Consultation and engagement
  - Statutory Planning – Service standard
  - Roads – Condition
  - Waste Management – Waste diversion
  - Financial Efficiency – Expenditure
  - Financial Stability – Rates concentration
  - Financial Liquidity – Working capital and
  - Financial Obligations – Asset renewal
  
- Amendments to the Performance Statement relating to
  - Governance – Satisfaction
  - Statutory Planning – Decision making and
  - Roads – Satisfaction.

Changes effective from 1 July can be summarised as:

- Eleven new and replacement indicators across the service and financial indicators and the Governance and Management Checklist
- Reporting on targets (following the setting of targets in the 2023-24 Council Budget)
- Name change for the Reporting Template – moving forward, the Performance Reporting Template will be refreshed and renamed as the Local Government Model Sector Performance Report.

**COST/BENEFITS**

Nil

**RISK ANALYSIS**

By referring to the latest guidance material, the risk of not fully complying with LGPRF is reduced.

**CONSULTATION AND ENGAGEMENT**

There was no consultation required for this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.8 REVIEW OF CONTROL ENVIRONMENT AGAINST COUNCIL'S GOVERNING PRINCIPLES**

**File Number:** FOL/20/613  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

Council has a number of plans and strategies in place which align and support the governance principals as provided for in the Local Government Act 2020. These are supported by the polices that are scheduled in the Committee Charter internal control environment plan.

**RECOMMENDATION**

That the Audit and Risk Committee note the report on the assessment of the control environment against the governance principles.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.2.5

Annual Work Plan: 11

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee discussed the

**BACKGROUND**

Section 54(2) of the Local Government Act (the Act) states that the primary functions of the Audit and Risk Committee are to:

- a) monitor the compliance of Council policies and procedures with-
  - i. the overarching governance principles; and
  - ii. this Act and the regulations and any Ministerial directions
- b) monitor Council financial and performance reporting;
- c) monitor and provide advice on risk management and fraud prevention systems and controls;
- d) oversee internal and external audit functions.

**ISSUES/DISCUSSION**

The Act introduces overarching governance principles in Section 9 which states:

(1) A Council must in the performance of its role give effect to the overarching governance principles.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

(2) The following are the overarching governance principles—

- (a) Council decisions are to be made and actions taken in accordance with the relevant law;
- (b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- (c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
- (d) the municipal community is to be engaged in strategic planning and strategic decision-making;
- (e) innovation and continuous improvement is to be pursued;
- (f) collaboration with other Councils and Governments and statutory bodies is to be sought;
- (g) the ongoing financial viability of the Council is to be ensured;
- (h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;
- (i) the transparency of Council decisions, actions and information is to be ensured.

(3) In giving effect to the overarching governance principles, a Council must take into account the following supporting principles—

- (a) the community engagement principles;
- (b) the public transparency principles;
- (c) the strategic planning principles;
- (d) the financial management principles;
- (e) the service performance principles.

Council has a number of plans and strategies in place which align and support the above principals including the Council Plan 2021-2025, the Long Term Financial Plan, Asset Management Strategy, Asset Plan 2022, Business Continuity Management Framework, the Gender Equality Action Plan and the Workforce Plan.

To achieve compliance with responsibilities and legal obligations, help achieve the Council Plan and other strategic documents and manage risk, the following policies, amongst others, are in place:

- Financial Management Policy
- Financial Reserves Policy
- Community Engagement Policy
- Asset Management Policy
- Business Continuity Management Policy
- Public Transparency Policy
- Service Planning Framework Policy
- Community Support Policy

The above listed polices are scheduled for review within a 1 to 4 year timeline dependent on the content and alignment with strategies. These provide assurance of the control environment against the governance principles.

**COST/BENEFITS**

There is no cost associated with the preparation of this report. The benefits of the report are the provision of assurance to the Audit and Risk Committee of Council's control environment against the governance principles.



**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**RISK ANALYSIS**

There is a risk that Council will not give effect to the overarching governance principles in accordance with Section 9(2) of the Act.

**CONSULTATION AND ENGAGEMENT**

Local Government Victoria (LGV) has been engaging with the sector to develop consistent approaches to various provisions in the Act. Staff will continue to engage with LGV and others in the sector to identify possible approaches to this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.9 STRATEGIC AND ANNUAL INTERNAL AUDIT PLAN REVIEW**

**File Number:** FOL/20/612  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lisa Clue, Manager Governance  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report provides a status update of the *Strategic Internal Audit Plan 2019 – 2023* which has now concluded, and current Tender No. C563 – Provision of Internal Audit Services.

**RECOMMENDATION**

That the Audit and Risk Committee note the status of:

1. delivery of the *Strategic Internal Audit Plan 2019 – 2023*, and
2. Tender No. C563 – Provision of Internal Audit Services.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter:	7.5.2	Annual Work Plan:	23
	7.5.3		24
	7.5.4		25
	7.5.5		26

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) received an update on the *Strategic Internal Audit Plan 2019 – 2023* and endorsed the *Internal Audit Plan: Review of Procurement and Contract Management* at its February 2023 meeting.

**BACKGROUND**

The *Audit and Risk Committee Charter 2012-2023* outlines the ARC internal audit responsibilities. This includes reviewing and approving a strategic and internal audit plan, monitoring the progress and delivery of the overall strategic internal audit plan, reviewing proposed individual internal audit plans, and reviewing reports on findings of individual internal audits.

The *Strategic Internal Audit Plan 2019 – 2023* was adopted by the ARC in 2019 and the status of its delivery has been monitored and reported throughout its term.

**ISSUES/DISCUSSION**

The *Strategic Internal Audit Plan 2019 – 2023* has now reached its conclusion.

The current internal audit contract that includes development and management of the Internal Audit Plan, concludes on 30 June 2023.

## AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

The table below outlines the internal audits completed through the life of the *Strategic Internal Audit Plan 2019-2023*.

**Table 1 - Strategic Internal Audit Plan 2019-2023 – Completed Audits**

Description	Date Completed
<b>Review of Councillor's Expenses</b>	November 2019
<b>Review of Risk Management Framework incl. risk awareness survey</b>	February 2020
<b>Review of Cash Handling (incl. Waste Depots &amp; S.86 Committees)</b>	May 2020
<b>Review of Victorian Protective Data Security Standards</b>	July 2020
<b>Review of Swimming Pool Management incl. New Regulations</b>	January 2021
<b>Review of Capital Project Management</b>	January 2021
<b>Review of Occupational Health and Safety Desktop Review</b>	May 2021
<b>Review of Asset Management and Maintenance</b>	July 2021
<b>Review of Management of Recreation Reserves</b>	August 2021
<b>Review of Management of Caravan Parks</b>	November 2021
<b>Review of Fleet Management Final Report</b>	April 2022
<b>Review of Council Governance Framework</b>	July 2022
<b>Review of Fraud and Corruption Control Framework</b>	October 2022
<b>Review of Data Governance</b>	January 2023
<b>Review of Procurement and Contract Management*</b>	April 2023

**\*A report within this meeting's Agenda seeks ARC endorsement of the Internal Audit Report: Review of Procurement and Contract Management and acceptance of the related recommended audit actions.**

Tender No. C563 – Provision of Internal Audit Services opened mid-April and will close 10 May 2023. The tendered Contract is for a 3 year term with an option of a further three year term at Council's discretion.

The Tender Specification specifically requires the successful contractor (Internal Auditor) to provide the following services:

- Review Council's Risk Management Framework and related processes and methodology.
- Develop a dynamic, comprehensive three year Strategic Internal Audit Plan (for endorsement by the Audit and Risk Committee), together with supporting programs, for the efficient and effective performance of the Internal Audit function.
- Develop Annual Internal Audit Plans derived from the Long-Term Strategic Internal Audit Plan for endorsement by the Audit and Risk Committee.
- Develop draft audit review scopes, in consultation with Council management, for approval by the Audit and Risk Committee.
- Monitor compliance with legislation, Local Government Victoria directives and relevant regulatory instruments.
- Make recommendations for the improvement of control, the responses to risk and the attainment of Council objectives and provide inputs to build the capacity to achieve Council objectives.
- Provide advice on the development and maintenance of Council's Risk Register.
- Attend Audit and Risk Committee meetings to present findings
- Produce an audit plan status report for each Audit and Risk Committee meeting, and an Annual Report summarising the internal audits undertaken during the year and the results of these audits.

The Tender Panel comprises the ARC Chairperson, Director Corporate, Manager Governance and Contracts Supervisor.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**COST/BENEFITS**

The strategic and annual internal audit plan has multiple benefits including; strengthening internal controls, increasing efficiency, mitigating risks, and ensuring compliance.

The cost of the audit program is in accordance with awarded contracts and is provided for in the operational budget.

**RISK ANALYSIS**

The strategic and internal audit plan is designed to mitigate risks across the organisation.

**CONSULTATION AND ENGAGEMENT**

Stakeholders engaged during the development of the strategic and internal audit plan include the internal audit contractor, Director Corporate, Manager Governance, and Governance Coordinator.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee acknowledged the Tender for provision of Internal Audit Services will close 10 May after which time it will be assessed by the Panel, consisting ARC Chairperson, Director Corporate, Manager Governance and Contracts Supervisor.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.10 REVIEW OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION****File Number:** FOL/20/612**Author:** Amanda Wilson, Director Corporate**Authoriser:** Amanda Wilson, Director Corporate**Attachments:** 1. Internal Audit Function Review - Survey Response Report**EXECUTIVE SUMMARY**

The Audit and Risk Committee Charter requires the committee to review the effectiveness of the internal audit function.

This report informs the Audit and Risk Committee (ARC) of an assessment of the internal audit function from an officer perspective, specifically those involved in internal audits, including scoping, participation in the audit, and responding to findings.

**RECOMMENDATION**

That the Audit and Risk Committee note the survey results for effectiveness of the internal audit function.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.5.8 and 7.5.10

Annual Work Plan: 29

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The ARC reviewed possibly survey designs supplied by HLB Mann Judd. It was agreed the annual survey format would be implemented for the purposes of capturing feedback for the past year of internal audits before moving to quarterly feedback directly following each audit.

**BACKGROUND**

The Audit and Risk Committee Charter requires the committee to review the effectiveness of the internal audit function.

This report informs the ARC of an assessment of the internal audit function from an officer perspective, specifically those involved in internal audits, including scoping, participation in the audit, and responding to findings.

**ISSUES/DISCUSSION**

To inform an assessment of the internal audit function, a 17 question survey was developed for staff with involvement in an internal audit.

Ten responses were received to the survey.

The majority of responses indicated affirmative agreeance with the questions posed.

There were responses where staff disagreed, these related to questions 3 and 14 around the support from internal audit staff and auditor knowledge of the area they were auditing.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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A common theme through the additional comments was the desire for face to face meetings, frustrations through the audit process that the responses indicated could have been resolved more effectively through on site meetings.

The question rating the highest for staff who 'strongly agreed' was question 16 relating to the audit adding value to their department.

**COST/BENEFITS**

The benefit of this report and discussion is that both ARC members and officers are involved in the assessment of the internal audit function.

There are no anticipated costs from this report.

**RISK ANALYSIS**

The internal audit function is a risk based function designed to address risk across the organisation.

**CONSULTATION AND ENGAGEMENT**

Officers involved with the Audit and Risk Committee and past internal audits have all been provided the opportunity to provide feedback via this questionnaire survey.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee acknowledged 10 of the 12 staff invited to, responded to the survey providing valuable insights into the internal audit service from an officer perspective.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.11 REVIEW OF KEY POLICIES**

**File Number:** FOL/20/612  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report provides the Audit and Risk Committee (ARC) with an update on the review status of key strategic documents and policies that provide a sound internal control environment.

**RECOMMENDATION**

That the Audit and Risk Committee receive and note the quarterly review of key strategic documents and policies and amended target review dates.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.2.1 and 7.2.2                      Annual Work Plan: 8

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

This is a quarterly report, most recently presented to the Committee in February 2023.

**BACKGROUND**

Loddon Shire ARC responsibilities, detailed within the Charter, include the following:

- Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment; and
- Determine whether systems and controls are reviewed regularly and updated where required.

Appendix 4 of the Charter contains a list of relevant documents.

**ISSUES/DISCUSSION**

Whilst a schedule for review of all Council policies and strategic documents has been developed and is routinely being monitored, following is a list of documents specifically referenced in the Audit and Risk Committee Charter (Appendix 4) with current target review dates. As requested at the last meeting, the table has been sorted by priority for review.

## AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

Document name	Last reviewed	Target review date	Comments
Performance Reporting Framework	26/05/2020	30/06/2023	Next review date specified in document 25/05/2021, will be reviewed sooner than target review date if resources permit.
Privacy Policy	26/11/2019	May/June 2023	Next review date specified in the policy - 29/05/2021. A review of this policy has commenced and is now expected to be completed late May/early June.
Occupational Health and Safety Policy	29/10/2018	May/June 2023	Next review date specified in the policy -28/10/2021. A review of this policy has commenced and is now expected to be completed late May/early June.
Protected (Public Interest) Disclosure Policy	25/06/2019	30/06/2023	Next review date specified in the policy - 24/06/2022. A review of this policy has commenced and is now expected to be completed no later than the end of June 2023
Anti-Fraud and Corruption Policy	25/06/2019	30/06/2023	Next review date specified in the policy - 24/06/2022. Review to commence shortly, now expected to be completed end June 2023.
Business Continuity Management Policy	24/08/2021	30/06/2023	Next review date specified in the policy - 24/08/2022. Full review of Council's Business Continuity Management has commenced, now expected to be completed end June 2023.
Disaster Recovery Plans	11/09/2019	TBC	Identified review date specified in document 11/09/2022, target review date tbc.
Risk Management Policy	24/05/2022	23/05/2023	Next review date specified in the policy - 24/08/2022, however policy references requirement for four yearly review. Review commenced alongside review of other Risk documents.
Delegations of Authority	June 2022	May/June 2023	Legislative changes have been provided by Maddocks and are currently being reviewed to inform Delegation review.



## AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

Document name	Last reviewed	Target review date	Comments
Risk Management Implementation Plan	28/06/2022	Ongoing	Identified review date in document specified as 20/12/2022, as reviewed six monthly to monitor actions with current or new actions. Note: actions are currently being monitored through the Pulse system and reported to ARC biannually.
Risk Management Framework	24/05/2022	23/05/2023	Identified review date in document specified as 23/05/2023. Review commenced alongside review of other Risk documents.
Business Continuity Plans		30/06/2023	Review commenced, refer Agenda report ' <i>Review of Business Continuity Framework and Testing Regime</i> '.
Fraud Control Plan			Estimated review date in ARC Charter 24/06/2022. New documentation to be developed.
Fraud Risk Self-Assessment			Following development of Fraud Control Plan
Compliance Management Framework			Estimated review date in ARC Charter 07/06/2021. New documentation to be developed
Compliance Management Plan			Estimated review date in ARC Charter 07/06/2021. New documentation to be developed
Borrowing Policy	28/09/2021	28/09/2023	Not yet due for review
Financial Reserves Policy	24/01/2023	24/01/2024	Not yet due for review
Community Asset Committee Policy	25/08/2020	25/08/2024	Not yet due for review
Investment Policy	25/08/2020	25/08/2024	Not yet due for review
Councillor Gift Policy	23/03/2021	23/03/2025	Not yet due for review
IT Security Policy	25/05/2021	25/05/2025	Not yet due for review
Revenue and Rating Plan 2021-2025 (formally Rates and Revenue Management Policy)	24/06/2021	30/06/2025	Not yet due for review
Compliance Management Policy	24/08/2021	24/08/2025	Not yet due for review
Procurement Policy	14/12/2021	14/12/2025	Reviewed (incl by ARC) and presented to April 2023 Council meeting for adoption.
Councillor Expenses and Support Policy	14/12/2021	14/12/2025	Not yet due for review

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**COST/BENEFITS**

Costs associated with development or review of key policies are mostly related to human resourcing and incorporated into existing operation budgets. Benefits are compliance with legislation and regulations and assurance to both Council and the Audit and Risk Committee.

**RISK ANALYSIS**

Appropriately managing the review of key policies reduces compliance related risk to Council.

**CONSULTATION AND ENGAGEMENT**

Governance staff continue to consult with relevant Council officers to determine anticipated review dates for policies that have surpassed the review dates identified within them.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.12 REVIEW OF COUNCIL'S RISK PROFILE AND TREATMENT PLANS FOR SIGNIFICANT RISKS**

**File Number:** FOL/20/612  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report informs the Audit and Risk Committee of Council's current risk profile, including identified strategic risks and related controls and treatment plans, and progress risk and risk register reviews across the organisation.

**RECOMMENDATION**

That the Audit and Risk Committee note Council's strategic risk profile and treatment plans for significant risks.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3.3 and 7.3.4                      Annual Work Plan: 14 and 15

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

Audit and Risk Committee members last received a report on this matter in November 2022.

**BACKGROUND**

The Audit and Risk Committee Charter requires a review of Council's risk profile and changes occurring in the profile from meeting to meeting, as well as a review of treatment plans for significant risks.

In November 2022, it was reported to the ARC that Council's Strategic Risk Register contained five risks, with the report including a summary of those risks and detail on the control measures in place relating to the Strategic risks rated high and very high.

It was further reported to the Committee that a full review of operational risk registers was underway, including realignment to the organisational structure where required, clarity of risks and review of risk controls and risk levels. Monitoring of a small number of risks within the operational registers rated high has continued throughout the risk review process.

AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

ISSUES/DISCUSSION

Risks, including their risk level and identified control measures within the Strategic Risk Register have not changed since last reported to the Committee in November 2022.

Likelihood	Consequences				
	1 : INSIGNIFICANT	2 : MINOR	3 : MODERATE	4 : MAJOR	5 : CATASTROPHIC
E: Rare					
D: Unlikely		1			
C: Possible			1		
B: Likely				2	
A: Almost certain					1

Progress on risk and risk register review since the last report to the Committee has included further development of an existing Fraud and Corruption Control Risk Register to include assessed grant related fraud risks and associated fraud controls, as recommended by VAGO following its Fraud Control over Local Government Grants audit. Those risks are summarised below:

Risk ID	Register	Description	Impact	Likelihood	Risk Category
225	Operational Risk Register / Fraud and Corruption Control	Undisclosed Conflicts of Interest results in a <u>Council Officer</u> with Col influencing the assessment of Council grant applications	Unfair/unreasonable allocation of grant funds. Reputational damage to Council.	Possible	Government Policy
<b>Risk Level (Intensity): Medium (5.14%)</b>					
226	Operational Risk Register / Fraud and Corruption Control	Undisclosed Conflicts of Interest by Councillors results in <u>Councillor/s</u> with Col influencing the assessment of grant applications	Unfair/unreasonable allocation of grant funds. Reputational damage to Council.	Possible	Government Policy
<b>Risk Level (Intensity): Medium (5.14%)</b>					
227	Operational Risk Register / Fraud and Corruption Control	Inadequate eligibility and assessment criteria results in inconsistent assessment of grant applications	Unfair/unreasonable allocation of grant funds. Reputational damage to Council.	Possible	Government Policy
<b>Risk Level (Intensity): Low (3.43%)</b>					
228	Operational Risk Register / Fraud and Corruption Control	Inadequate monitoring and acquittal processes results in undetected unspent or misspent funds.	Unspent funds unable to be redirected to other projects. Misspent funds unrecoverable.	Possible	Government Policy
<b>Risk Level (Intensity): Low (1.71%)</b>					
229	Operational Risk Register / Fraud and Corruption Control	Inadequate grant evaluation processes results in grant funding not delivering optimal community benefit.	Grant programs not designed to fund or attract applications for projects with strongest community benefit.	Unlikely	Government Policy
<b>Risk Level (Intensity): Low (2.29%)</b>					

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**1 MAY 2023**

Risk ID	Register	Description	Impact	Likelihood	Risk Category
230	Operational Risk Register / Fraud and Corruption Control	Inadequate advertising of Council grant programs results in potential applicants of worthy projects being unaware of grant opportunities.	Unfair allocation of Council grant funds. Applications not received for projects with significant community benefit.	Unlikely	Government Policy
<b>Risk Level (Intensity): Low (2.29%)</b>					

Governance staff will continue to develop the Risk Registers in consultation with officers across the organisation and in accordance with Council’s Risk Management Framework.

**COST/BENEFITS**

Financial impacts of risks and/or control measures are managed through Council’s budget process.

**RISK ANALYSIS**

This report is a requirement of the Audit and Risk Committee Charter.

**CONSULTATION AND ENGAGEMENT**

Relevant officers have been involved in the development of this report.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed the high level risks contained in Council’s Strategic Risk Register and work planned to further embed risk management within the organisation.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.13 REVIEW OF COUNCIL'S INSURANCE PROGRAMME**

**File Number:** FOL/20/612  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

The renewal of Council insurances is currently underway with all required information and data provided to the broker (JLT) and MAV insurance early in April.

Officers have not sought to increase any limits on cover, however a request has been made for estimates on premiums if the deductible on the motor vehicle policy was decreased from \$5,000 to \$2,500, \$1,000 and \$500 and windscreen only claims.

The status of current insurance claims are summarised within the report.

**RECOMMENDATION**

That the Audit and Risk Committee notes the annual report on Council's insurance programme.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3.5

Annual Work Plan: 16

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee most recently considered a report on Council's insurance programme at its meeting on 2 May 2022.

**BACKGROUND**

Council's insurance programme is brokered by Jardine Lloyd Thomson (JLT) and the Municipal Association Victoria (MAV) Insurance, Liability Mutual Insurance.

The following insurances are brokered by JLT:

- o JLT Discretionary Trust (JLT (Municipal Asset Protect) Discretionary Trust, or JMAPP)
- o Community Liability (QBE Insurance (Aust) through Victor Insurane)
- o Councillors and Officers Liability (XL Insurance Company SE)
- o Cyber Liability (Chubb Insurance Australia Ltd)
- o Motor Vehicle (Vero Insurance)
- o Personal Accident (Chubb Insurance Australia through Victor Insurance)
- o Travel (Chubb Insurance Australia through Victor Insurance)
- o Airport Owners and Operators Liability (QBE Aviation)
- o Marine Hull Insurance (QBE Insurance (Aust) Ltd through Victor Insurance)

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

The following insurances are held with MAV Insurance:

- Public Liability and Professional Indemnity
- Commercial Crime – indemnifying Council against any fraudulent or dishonest act committed by an employee or third party.

**ISSUES/DISCUSSION**Renewal

The renewal of Council insurances is currently underway with all required information and data provided to the broker (JLT) and MAV insurance early in April.

Officers have not sought to increase any limits on cover, however a request has been made for estimates on premiums if the deductible on the motor vehicle policy was decreased from \$5,000 to \$2,500, \$1,000 and \$500 and windscreen only claims.

It is expected renewal reports detailing proposed insurers, levels of cover, exclusions, premiums/contributions etc will be received by Mid-June to ensure continuity of cover post 30 June.

Claims

The status of current insurance claims is summarised below:

<b>Policy</b>	<b>Date of Loss</b>	<b>Loss/Damage</b>	<b>Value</b>	<b>Status of Claim</b>
Motor Vehicle	November 2022	Theft - Durotank Bunded Fuel Trailer Single Axle	2015 Purchase Price - \$14,602	Accepted but not finalised
Public Liability	May 2020	Claim against Council following trip incident in Bridgewater.	Unknown	Claimant impairment did not meet the threshold level from independent medical panel assessment. Awaiting further advice from insurer.
Property	October 2022	Damage to various insured assets – Newbridge Rec Reserve, Bridgewater Caravan Park (incl loss of earnings), Fentons Creek and Durham Ox Halls, miscellaneous assets	Significant but not yet finalised	Accepted but not finalised
Property (JMAPP)	December 2020	Bridgewater Caravan Park Shed (and damage to fencing and cabin)	Total loss - \$54,570	Settlement payment expected by end April (funded by co-insurer)
Property	March 2021	Rhelo Hall	Total loss - \$34,871	Accepted, close to being, but not yet finalised

**COST/BENEFITS**

Insurance costs are provided for in Council's adopted budget.

Whilst 2023/24 premium and contribution costs are not currently known (or estimated), increases are expected to be consistent with previous years and reflected as such in the Council's draft budget.

**RISK ANALYSIS**

Council's insurance program protects Council from the financial impact of certain damage and loss to property and people.

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**1 MAY 2023**

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**CONSULTATION AND ENGAGEMENT**

Relevant staff are consulted during completion of the annual renewal questionnaires required by the insurance brokers.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee requested future reports include desensitised WorkCover claim data.



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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**7.14 REVIEW OF BUSINESS CONTINUITY FRAMEWORK AND TESTING REGIME****File Number:** FOL/20/612**Author:** Lisa Clue, Manager Governance**Authoriser:** Amanda Wilson, Director Corporate**Attachments:** 1. **Business Continuity Plan Report - Global Risk Management Services****EXECUTIVE SUMMARY**

The Audit and Risk Committee regularly reviews the Business Continuity Framework and Testing Regime. This report updates the Committee on a recent external review of Council's Business Continuity Plan and next steps in the process.

**RECOMMENDATION**

That the Audit and Risk Committee receives and notes the report on the status of Business Continuity Framework Review and Testing Regime.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3.6

Annual Work Plan: 17

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recently received a report on the Business Continuity Framework and Testing Regime at its last meeting, being 13 February 2023.

**BACKGROUND**

The Audit and Risk Committee regularly reviews the Business Continuity Framework and Testing Regime, including Business Impact Analysis (BIA) reviews.

As reported at the last meeting, it is the opinion of officers that Council's current Business Continuity Plan (BCP) and Framework require a thorough review to ensure alignment with the Risk Management Framework adopted mid-2022 and some recent organisational structure changes. Following a Request for Quotation process, Global Risk Management was engaged to review Council's existing BCP documentation, consider how BCP works in a hybrid environment with staff working from home and the office and make recommendations for improvements based on the review.

The review was recently undertaken and a report received by Council in March. A copy of the report is attached to this Agenda report.

**ISSUES/DISCUSSION**

The Global Risk Management Services Business Continuity Plan Review Report, following its review of Council's BCP and recovery processes acknowledged a number of positive elements within current documentation and processes and the proactive risk management steps already taken in order to minimise the risk and vulnerability associated with a major interruption to Council business.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES**

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The report highlighted a large number of positive BCP elements including the structure of the Plan; Business Impact Analysis to inform prioritisation of services; checklists and template documents; sub plans and linkage to Council’s Risk Management Framework.

The Report further identified a number of opportunities for improvement and recommendations, detailed below:

Reference	Opportunity for Improvement	Recommendation
<b>HIGH PRIORITY TASKS</b>		
O1	The BCP is established in a logical fashion with information on the purpose and background information, roles and responsibilities towards the front of the plan. The key ‘how to’ information on initial steps to take and key actions in the event of a major business interruption are contained towards the end of the Plan and in the Appendices.	The BCP will logically only be utilised infrequently and in times of high stress when a major business interruption event occurs. For this reason the document needs to be an easily accessible ‘go to’ source of information on key steps to take in response to the event. The current BCP could be redesigned to have limited background information at the start of the document and the key actions for the Business Continuity Team to follow, clearly provided up front with links to other reference information such as the communication plan, critical business functions etc.
<b>MODERATE PRIORITY TASKS</b>		
O2	The roles and responsibilities for the Business Continuity Team that are provided within the Plan are generally very broad and generic tasks that don't go far outside their 'normal' operational roles. For example, the entirety of the role and responsibilities for the Manager Assets and Infrastructure during a major business interruption event are to “provide management and coordination oversight to the activities and resources relating to buildings, public facilities, and tip sites, as instructed by the Business Continuity Team” and “identify an alternate representative if unavailable and ensures they are briefed as required”.	Ensure the roles and responsibilities for all Business Continuity Team members are specific and relevant to their duties in the event of a major business interruption. Consider such issues as immediate responses to the event, whether they will be required as part of the impact assessment, whether they may need to be available to support other key areas within Council, which of their ‘normal’ duties may need to be increased due to the event etc.
O3	There is a heavy reliance on IT systems across all critical services within the BCP but little information on corporate workarounds for loss of access to IT systems for a period of time. There don't seem to be any manual workarounds identified for loss of access to IT systems, just a reliance on the IT system recovery within the departmental requirements. For example, within the Customer Service recovery plan, the recovery strategy or workaround for loss of IT is to “Consult with relevant staff about timeframe for return of IT services”.	Council should consider the possibility of a denial of access event to IT services and the impact that this would cause. A test exercise of this nature would be able to highlight some of the concerns relating to this type of event. All departmental sub plans should also be reviewed in order to consider workarounds for loss of access to IT data and applications in the short term (up to 7 days as a minimum).

## AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

Reference	Opportunity for Improvement	Recommendation
<b>MODERATE PRIORITY TASKS</b>		
O4	There is no formal acknowledgement of proxies to Business Continuity Team members within the Plan.	Proxies to be nominated for all Business Continuity Team member positions within the Plan and these proxies to receive training and information in the event that the primary position is not available.
O5	There are multiple references to Council's Municipal Emergency Management Plan (MEMP) throughout the BCP. Council's Municipal Emergency Management Plan and corporate Business Continuity Plan refer to separate impacts (the MEMP examines the impact to the community from a community-wide disaster, and the BCP examines the impact to the organisation's ability to continue to provide critical services from a major business interruption event). It is important to note the differences and clarify these within both plans. Even though these plans relate to different impacts there will be events that cause an overlap for resource use and decision making that need to be considered and documented before the event occurs.	Consider the possible linkages between the MEMP and the BCP if there were a municipal wide disaster that also impacted Council's ability to provide services across the organisation (e.g. flood or bushfire event that impacts staff and the community to the same extent). Consideration needs to be given to which area receives prioritisation within the plans, how resources for staff and facilities are going to be shared and/or used, how communication with internal stakeholders and external stakeholders will be undertaken and whether there is overlap and double-up of equipment resourcing between the plans. An overarching document or section within both plans should be considered to ensure these logistical arrangements have been formalised.
<b>LOW PRIORITY TASKS</b>		
O6	There is a reference to a "Crisis Communications Procedure" in section 3 Business Continuity Team but there doesn't appear to be any links to this document.	Ensure the Crisis Communications Procedure is in existence and provides accurate and sound information for use in a major business interruption event.
O7	The Business Continuity Team Leader role is highlighted as the key role in the Business Continuity Team but there is no clear indication as to which position takes on this role.	Clearly identify which position in Council takes on this role and detail this within the plan.
O8	At one point in the BCP the CEO is flagged as taking charge of the Business Continuity Team and the recovery process. This is usually not advised as the CEO will have enough responsibilities responding to the strategic nature of the event inclusive of media liaison and control, Councillor and Mayor communication and leadership of the organisation.	One of the Directors should be nominated as the Business Continuity Team Leader and a second Director the proxy for this role.

AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

Reference	Opportunity for Improvement	Recommendation
<b>LOW PRIORITY TASKS</b>		
O9	There is mention within the BCP of a number of alternative sites in the event that the Wedderburn office is compromised. These include the Wedderburn Senior Citizens, Wedderburn Hall, and Serpentine Office. There is no indication as to whether or not these alternative locations have been fitted out for the purpose of a business interruption event recovery site.	Ensure all recovery sites nominated within the plan are fit for purpose as recovery sites for nominated services. This would include an examination of ICT capabilities, infrastructure and security arrangements, accessibility for key stakeholders such as the public, and internet bandwidth.
<b>LOW PRIORITY TASKS</b>		
O10	Appendix 3 – First Response Checklist provides a very broad-based guide for the BCT to follow in response to the event. The tasks here are very broad and don't give any real direction for clear task establishment with goals in mind. This tool is a key element within any effective BCP as it provides the guidance material and prompts for the BCT to follow when they are in the midst of responding to a highly stressful situation.	Council would be better off by considering all the response and recovery prompts within this section as well as key roles and responsibilities for the BCT and providing greater details of tasks required over predetermined time periods (e.g. day 1, day 2, days 3- 7). Highlighting links and references to other key sections of the plan when required (e.g. Communication Plan) would also be of value.
O11	There is reference throughout the BCP of the need to undertake an assessment of the event in order to determine priorities, but there is no guidance information in order to undertake this assessment.	Provide an Impact Assessment template document with the BCP in order to simplify and streamline the impact assessment process.

An internal review of the BCP will now commence, aligning positions and actions to the current organisation structure (which was outside the scope of the external review) and will address the recommendations from the Global Risk Management Services Report.

**COST/BENEFITS**

The cost of the review of the BCP is provided for in the 2022/23 adopted budget.

The benefit of a thorough review is ensuring critical business functions can resume normal operations within an appropriate timeframe with minimal impact on staff, contractors and customers.

**RISK ANALYSIS**

The review aims to align Council's Business Continuity Framework with its Risk Management Framework.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**CONSULTATION AND ENGAGEMENT**

Governance staff provided relevant documents and information to support the external BCP review.

Staff from across the organisation will be consulted during the next stage of the review, as appropriate.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.15 RISK MANAGEMENT FRAMEWORK AND RISK APPETITIE REVIEW**

**File Number:** FOL/20/612  
**Author:** Lisa Clue, Manager Governance  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report addresses a requirement of the Audit and Risk Committee Charter for the Committee to annually review the effectiveness of Council's Risk Management Framework and the Risk Appetite Statements degree of alignment with Council's risk profile.

**RECOMMENDATION**

That the Audit and Risk Committee:

1. Notes the report on the Risk Management Framework and Risk Appetite Review
2. Receives a further update on this matter at the November 2023 ARC meeting.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3.1 and 7.3.2                      Annual Work Plan: 12 and 13

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The ARC most recently discussed the Risk Management Framework and Risk Appetite Statement when endorsing the documents at its meeting in May 2022.

**BACKGROUND**

A suite of risk management documents, including the Risk Management Framework and Risk Appetite Statement were endorsed by the ARC and adopted by Council in May 2022.

The Audit and Risk Committee Charter requires the ARC to annually review:

- The effectiveness of Council's risk management framework; and
- The Risk Appetite Statement and degree of alignment with Council's risk profile.

**ISSUES/DISCUSSION**

Assessing the effectiveness of Council's risk management framework is heavily dependent on Risk Management Implementation Plan progress, which focusses on the foundations to support organisation risk maturity.

Whilst elements of the framework have recently been implemented, including incorporating the ARC reporting line detailed in the document into a draft reviewed ARC Charter and Annual Work Plan it would be premature to review the effectiveness of the framework at this point in time.

Similarly, until further progress is made on the Risk Management Implementation Plan, resulting in a more current and accurate Council risk profile, it is not possible to assess the Risk Appetite Statement's degree of alignment with the current risk profile.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

It is recommended that reviews of the framework and appetite statement be deferred until the Risk Management Implementation Plan is further progressed, and that the ARC be provided a status update at its November 2023 meeting, alongside the next scheduled report on the Implementation Plan.

**COST/BENEFITS**

The benefits of the risk framework and related documents are the guidance they provide to manage risk across the organisation.

There should be no costs related to the endorsement of the documents presented.

**RISK ANALYSIS**

The Risk Management Framework and Risk Appetite Statement are part of a suite of Council risk management documents designed to promote best practice risk management.

**CONSULTATION AND ENGAGEMENT**

Whilst staff across Council were involved in the development of these documents, engagement related to this report and its associated documents has been limited to those within the Corporate directorate.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.16 COMMISSION OF INQUIRY INTO MOIRA SHIRE COUNCIL - REVIEW OF RECOMMENDATIONS****File Number:****Author:** Lincoln Fitzgerald, Chief Executive Officer**Authoriser:** Lincoln Fitzgerald, Chief Executive Officer**Attachments:** Nil**EXECUTIVE SUMMARY**

A report providing the findings of a Commission of Inquiry into Moira Shire Council was tabled in Parliament on 7 March 2023.

The report provides 10 findings specific to Moira Shire and nine recommendations to restore good governance. While this report has no direct implications for Loddon Shire Council, it is believed that considering the context and recommendations will add value, particularly in the areas of:

- leadership;
- project delivery;
- community engagement; and,
- culture.

Following a detailed review of the report and recommendations, it is considered that Loddon Shire is well positioned to resist similar issues arising, but has some areas requiring ongoing vigilance and continued improvement.

**RECOMMENDATION**

That the Audit & Risk Committee note the recommendations of the Commission of Inquiry into Moira Shire Council and note the comments regarding Loddon Shire Council's resilience to similar issues.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.1, 7.2, 7.3, 7.4, 7.7

Annual Work Plan: 20

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

Some elements of this report have been discussed previously such as the Employee Code of Conduct.

**BACKGROUND**

Following release of the Commission of Inquiry into Moira Shire Council recommendations, an assessment has been undertaken to identify any risks which may be applicable to Loddon Shire.

The full Moira report can be found here: <https://www.parliament.vic.gov.au/publications/tables-documents-neutral/search-tabled-documents/details/3/12008>



AUDIT AND RISK COMMITTEE MEETING MINUTES

1 MAY 2023

ISSUES/DISCUSSION

Below is a table outlining each of the nine actions identified from the report and a comment from Loddon Shire Council regarding actions taken and further work which is either underway or required in the future. Overall, Loddon Shire Council is well placed to resist similar issues arising.

#	Moira Commission of Inquiry Recommendation	Loddon Shire Council comment
1	That Moira Shire Council be dismissed and an interim Administrator or Administrators be appointed immediately for a period of 6 months.	N/A
2	That one or more Administrators then be appointed for a further period of five years beyond two local government election cycles to ensure the restoration of good governance to the Shire in accordance with the Local Government Act.	N/A
3	That a full and complete external audit be undertaken of Council's financial management policies and practices including procurement.	<p>This recommendation arose from non-compliance with the LG Act, and poor/missing business cases for major infrastructure projects.</p> <p>Loddon Shire Council's Procurement Policy complies with the LG Act and was presented to the Audit and Risk Committee at the February 2023 meeting and is presented for adoption by Council on 26 April 2023.</p> <p>Business cases are in place for all major projects at LSC with varying levels of quality and detail depending on the project proponent. Further work to develop a more robust set of Business Case requirements is being developed as part of the updated Project Management Framework.</p> <p>It appears some projects at Moira were funded without sufficient planning and design being undertaken after the Business Case (feasibility) stage. This is not uncommon in Local Government which can be driven by community priorities as well as planned infrastructure programs. Loddon Shire has a new draft project management framework and is seeking to introduce stage gates to ensure projects are well planned, designed and executed. There remain projects at Loddon Shire which remain undelivered after a significant time due to permit or design issues - for example Boort or Pyramid Hill levees.</p>

AUDIT AND RISK COMMITTEE MEETING MINUTES

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<p>4</p>	<p>That the interim Administrator or Administrators overhaul the Key Performance Indicators of the CEO and review her performance having regard to the findings of this Report.</p>	<p>It appears that Moira Shire CEO's KPIs lacked measurement metrics and often related to business as usual rather than priorities.</p> <p>Loddon Shire Council's CEO KPIs are based on the Council Plan - Annual Plan, advocacy priorities, annual budget, and culture measure report. They also reflect key responsibilities as outlined in the Local Government Act (for example – adoption of the budget, delivery of the Annual Plan, etc).</p> <p>Loddon's KPIs follow the SMART goals structure (Specific, Measurable, Realistic, Attainable, and Time-bound) to ensure clear performance outcomes and measures.</p> <p>Loddon Shire Council engages an independent external HR advisor to support Councillors with the assessment process.</p>
<p>5</p>	<p>That the interim Administrator or Administrators overhaul the Council's Corporate, Governance and Performance Division giving priority attention to the governance and human resources functions including the use of disciplinary processes having regard to the findings of this Report.</p>	<p>Moira Shire appears to have significant issues with culture, disciplinary processes, ethical judgement, natural justice, workplace injuries, and Councillor relationships.</p> <p>Training has been provided to the Coordinator/Team Leader level of Council to lead culture and values workshops and develop new corporate values from the bottom up. A reward and recognition program is in place to recognise performance and values demonstration.</p> <p>All staff meetings have been reinstated to bring work groups together as a team. Training is offered at these sessions as well as information sharing and celebration of achievements.</p> <p>Early 2022 Loddon Shire Council restructured the Executive and Corporate functions. The result of this was to consolidate governance functions, improve annual staff training programs and enhance staff health/wellbeing functions.</p> <p>While staff terminations have occurred during the past 18 months, these have been conducted in accordance with Loddon Shire Council's policies and the Fair Work Act. In effect this means people were treated with respect, managed within the principles of natural justice and undertaken in a reasonable timeframe.</p> <p>A review of the Council Governance rules has commenced and will be complete during the 2023 calendar year. This will assist with the orderly conduct of Council decision making.</p>

AUDIT AND RISK COMMITTEE MEETING MINUTES

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6	That consideration be given to a further Local Representation Review of Moira Shire by the Victorian Electoral Commission.	N/A
7	That the defence currently being conducted by Moira Shire Council to the proceeding by Mr Mangan in the Federal Court of Australia be discontinued forthwith.	N/A
8	That the Moire Shire Council Employee Code of Conduct adopted 2017 and the Recruitment, Selection Policy and Procedures documents adopted 8 August 2022 be rewritten comprehensively.	<p>Loddon Shire has sought signed acknowledgement from staff for the Code of Conduct. The Code of Conduct is reiterated in the monthly staff newsletter focusing on a different section of the Code each newsletter. This has previously been discussed at an Audit &amp; Risk Committee meeting.</p> <p>Council has recently updated the Recruitment and Selection Policy, Managing Performance Policy and Managing Misconduct Policy (and subsequent procedures).</p> <p>Loddon Shire Councillors have a Code of Conduct. Councillors meet in-camera from time-to-time in order to discuss a range of topics. This forum allows Councillors to build relationships and discuss difficult issues if required. The Mayor feeds information back to the CEO regarding any organizational improvements required when appropriate.</p>
9	<p>That Moira Shire Council, whilst under administration, implement a community leadership and civic participation program to:</p> <p>9.1. develop emerging community leaders in building community capacity;</p> <p>9.2. encourage and support community participation in civic life; and</p> <p>9.3. strengthen engagement and relationships between the community and the council.</p>	<p>Loddon Shire Council is part of LEAD Loddon Murray leadership program. Each year a participant from Loddon Shire is nominated to participate in this program.</p> <p>Loddon Shire also supports a range of smaller community development opportunities. While these generally relate to volunteerism, this is a gateway for people to build capability and become leaders. Specific opportunities include:</p> <ul style="list-style-type: none"> <li>- Community Asset committees</li> <li>- Tourism and Development associations</li> <li>- Community Planning committees</li> </ul> <p>Council engages with the community in a broad range of ways but this is an area of ongoing improvement. Recent improvements have included:</p> <ul style="list-style-type: none"> <li>- growth in social media engagement</li> <li>- refreshed membership of Council's Community Reference Group</li> <li>- current tender assessment of an online Community Engagement Platform</li> </ul>

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

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**COST/BENEFITS**

This report and analysis has been undertaken utilising internal resources. Further investment will be required as the Management Executive will be workshopping these issues with all Managers within the organisation for awareness, learning and action.

**RISK ANALYSIS**

Loddon Shire Council has systems and processes in place to negate the issues identified in the recommendations, however underpinning many of the issues is workplace culture which requires ongoing focus. Loddon Shire Council is progressing a number of key improvements which will further improve resilience to any similar issues.

**CONSULTATION AND ENGAGEMENT**

To date, consultation has been undertaken with the Management Executive Group. Further consultation and workshops will be undertaken with the Loddon Shire Council managers.

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee discussed and acknowledged relevant Loddon Shire Council systems, processes and Culture Road Map, and the role of Audit and Risk Committees in supporting Councils in discharging their oversight responsibilities.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.17 AUDIT AND RISK COMMITTEE ANNUAL PERFORMANCE ASSESSMENT****File Number:** FOL/20/612**Author:** Lisa Clue, Manager Governance**Authoriser:** Amanda Wilson, Director Corporate**Attachments:** 1. **Audit and Risk Committee Annual Performance Assessment (Survey) Report - 2022/2023****EXECUTIVE SUMMARY**

The Local Government Act 2020 requires an Audit and Risk Committee to undertake an annual assessment of its performance against the Audit and Risk Committee Charter. This report considers responses to a survey completed by Committee members relating to Committee performance during 2022/2023.

**RECOMMENDATION**

That the Audit and Risk Committee note the responses to the annual assessment of performance survey 2022/2023.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 8 and 9b

Annual Work Plan: 45

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recent discussed an assessment of its performance at its May 2022 meeting.

**BACKGROUND**

The Local Government Act 2020 requires an Audit and Risk Committee to undertake an annual assessment of its performance against the Audit and Risk Committee Charter and provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council Meeting.

Independent member and the Councillor representative were recently invited to complete a survey developed to assess ARC performance over 2022/2023.

**ISSUES/DISCUSSION**

All four Independent Members and the Councillor representative completed the performance assessment survey.

The survey consisted 52 statements relating to the content of the charter, skills and interactions within the Committee, training/development, risk management, statutory compliance and reporting, agendas and associated reports, conduct of meetings, internal audit function and external audit function. The following response options were available: agree, unsure, disagree and not applicable.

Respondents 100% agreed with the majority of statements.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

All respondents agreed with the following statements, with comments provided:

Q5 - The Charter ensures the Committee is sufficiently independent from the management of Council

*'While I agree that the Audit Committee Charter is a good reference document and supports the committee to discharge its responsibilities, I do feel it could still be further improved'*

Q13 - The Committee has been sufficiently probing and challenging in its deliberations

*'If there is the ability for committee members to access further training I don't think this process is clear.'*

*'Some form of training for committee members could be appropriate from time to time, given the broad remit of ARCs today.'*

One or more respondents were 'unsure' of the following statements, and where applicable, comments have been provided:

Q18 - The Committee has an adequate understanding of Council's: legislative compliance requirements (1 unsure)

Q19 - The Committee receives appropriate briefings on: Current and emerging business risks (2 unsure)

Q20 - The Committee receives appropriate briefings on: Changes in financial reporting requirements (1 unsure)

Q21 - The Committee receives appropriate briefings on: Changes in performance reporting requirements (2 unsure)

Q22 - The Committee receives appropriate briefings on: Integrity body reports (1 unsure)

Q23 - The Committee receives appropriate briefings on: Changes in the business/regulatory environment (2 unsure)

Q28 - Agendas and supporting papers are of sufficient clarity and quality to enable the Committee to make informed decisions (1 unsure)

Q30 - Committee minutes are appropriately maintained and provided to Council on a timely basis (2 unsure)

*'Papers should include more of an "executive summary" of any attachments. Minutes should briefly note key considerations. There's been good improvement in recent years but still room to improve.'*

Q32 - Committee communications to Council about its deliberations and decisions are appropriate. (1 unsure)

Q33 - Committee reports to Council on its activities are appropriate. (1 unsure)

Q37 - Information and briefing papers presented by management meet the Committee's expectations in respect of: Management of Council's compliance and regulatory obligations (1 unsure)

Q46 - The Committee reviewed the Internal Audit Charter to ensure that appropriate structures, authority, access and reporting arrangements are in place for the internal audit function (2 unsure)

*'We may have reviewed the Internal Audit Charter although I can't recall doing so in recent times. Perhaps more emphasis could be placed on monitoring / measuring the performance of the Internal Auditor. Also the ARC should have input into the selection of the Internal Auditor.'*

*'Most internal audits are of good quality. Often recommendations made are too detailed or costly, or not appropriate for a small regional council like Loddon. Management should pushback where this is the case.'*

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Q50 - The Committee provided feedback on the performance of external audit (2 unsure)

Three respondents were unsure, and one disagreed with the following statement:

Q9 - There is a clear process that Committee members can follow to access advice and /or training to improve their skills and knowledge

The following responses were provided to at the end of the survey:

*'Survey answers would be useful to have option of partially agree and agree. Consider deep dive of high risk topics with presentation by management'*

*'Consider establishing a transition process when a new Chair is appointed.'*

Survey responses have provided officers with useful feedback to inform continuous improvement of the Charter which is currently being reviewed, Agenda reports, minutes and member development/training.

**COST/BENEFITS**

There are minimal costs associated with the survey. The benefits include an opportunity to review the performance of the Audit and Risk Committee on a regular basis against industry specific standards.

**RISK ANALYSIS**

Conducting the survey helps to identify potential governance related risks in addition to opportunities for improvement.

**CONSULTATION AND ENGAGEMENT**

Audit and Risk Committee members and the councillor representative are requested to complete the survey.

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.18 RISK MANAGEMENT IMPLEMENTATION PLAN PROGRESS REPORT****File Number:****Author:** Lisa Clue, Manager Governance**Authoriser:** Amanda Wilson, Director Corporate**Attachments:**

1. Risk Management Implementation Plan - Completed actions
2. Risk Management Implementation Plan - Open actions

**EXECUTIVE SUMMARY**

This report presents an update to the Audit and Risk Committee of the status of actions included in the Risk Management Implementation Plan.

**RECOMMENDATION**

That the Audit and Risk Committee notes the progress of the actions within the Risk Management Implementation Plan.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 7.3

Annual Work Plan: 12 - 17

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

The Audit and Risk Committee endorsed the Risk Management Implementation Plan at the 2 May 2022 meeting. The Committee requested a biannual update on the status of the actions included in the plan.

The most recent update on the status of the actions included in the Plan was provided to the Committee in November 2022.

**BACKGROUND**

In February 2020, the Audit and Risk Committee received an internal audit report "*Review of Risk Management Framework ISO 31000:2018 (incl. Risk Awareness Survey)*." There were six improvement recommendations in the audit:

1. Risk Management Policy and Framework did not incorporate key aspects or great details about ISO31000:2018 (this standard replaces the 2009 Standard)
2. Risk management induction process is required to reinforce new staff understanding of Council's risk management processes
3. A Risk Appetite Statement has not been established
4. Risk management register has some shortfalls
5. There is no Risk Management Implementation Plan
6. KPI's for risk management have not been identified.

The Risk Management Implementation Plan compliments the Risk Management Framework and the Risk Management Policy and was developed to outline a roadmap to risk management maturity within Council. It also addresses point 5 in the above audit recommendations.

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****ISSUES/DISCUSSION**

The Risk Management Implementation Plan is split into three pillars under which there are several actions included:

1. Risk management framework contains nine actions
2. Risk management process contains seven actions
3. Risk management culture contains three actions.

An additional three actions, under "other strategies", are not risk management specific, but are intended to facilitate good risk management.

The attachments to this report provide a high level overview of the status of each action within the Plan, the associated risk rating and officer comments providing progress updates.

Of the 22 identified actions:

- 5 have been completed
- 8 have commenced
- 9 have either not started or are not yet due to start.

Comments have been provided on progress to date for seven actions that have commenced but are past the due date initially assigned to them.

Six actions have surpassed the due date initially assigned to them and have not yet commenced as they are either dependent on the outcome or completion of other actions (eg development of a risk management procedure) or resources have been diverted to more critical, or time critical tasks.

Actions will be completed, or well progressed towards completion as soon as possible, but this will be heavily reliant on available resources, and dependent on scheduling of training. As such, planning for progressing and sequencing incomplete actions, and reviewing due dates will occur over coming week and will be reflected in the next report to the ARC.

**COST/BENEFITS**

The benefits of having a roadmap is a clear path to increase risk management maturity within Council.

There should be no costs related to the endorsement of the document presented. Over time additional operational budget may be required for specific projects, which will be incorporated into the annual budget process.

**RISK ANALYSIS**

The document is part of a suite of core risk management documents for Council designed to promote best practice risk management.

**CONSULTATION AND ENGAGEMENT**

Responsible officers were consulted to provide status and commentary updates

**AUDIT AND RISK COMMITTEE COMMENTS**

Nil

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.19 UPDATE ON MATTERS REFERRED BY COUNCILLOR REPRESENTATIVE**

**File Number:** FOL/20/612  
**Author:** Amanda Wilson, Director Corporate  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report provides an opportunity for Council's representative to update the Committee on any matters raised by Council that may impact it.

**RECOMMENDATION**

That the Audit and Risk Committee notes the matters raised by Cr Holt.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**COMMITTEE REFERENCES**

Committee Charter: 4.9

Annual Work Plan: 48

**ISSUES/DISCUSSION**

Cr Holt will provide a verbal update at the meeting on any items raised by Council that may impact the Audit and Risk Committee.

**AUDIT AND RISK COMMITTEE COMMENTS**

No matters were raised by Cr Holt at the meeting

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.20 FRAUD PREVENTION SYSTEMS AND CONTROLS**

**File Number:** FOL/20/612  
**Author:** Tracy Hunt, Governance Coordinator  
**Authoriser:** Lisa Clue, Manager Governance  
**Attachments:** Nil

**EXECUTIVE SUMMARY**

This report addresses any instances of unethical behaviour, fraud or corruption, and review of actions taken to report any incidents of fraudulent or corrupt behaviour to the appropriate integrity bodies.

**RECOMMENDATION**

That the Audit and Risk Committee notes the report on fraud prevention systems and controls.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this paper, or involved in the subject matter of the paper.

**COMMITTEE REFERENCES**

Committee Charter: 7.4.3 and 7.4.4

Annual Work Plan: 20 and 21

**PREVIOUS AUDIT AND RISK COMMITTEE DISCUSSION**

The Audit and Risk Committee (ARC) most recently received a report on fraud prevention systems and controls at its February 2023 meeting.

**BACKGROUND**

The *Local Government Act 2020* specifies that Council must prepare and approve an Audit and Risk Committee Charter (ARC Charter). The ARC Charter must specify that an Audit and Risk Committee ... *'monitor and provide advice on [...] fraud prevention systems and controls'*.

Section 7 of the Loddon Shire Audit and Risk Committee Charter assigns the following fraud prevention and systems controls responsibilities to the ARC:

**7.4 Fraud Prevention Systems and Controls**

- 7.4.1 Review Council's Fraud Prevention policies and controls,
- 7.4.2 Review Council's fraud control plan and awareness programme
- 7.4.3 Review reports on any instances of unethical behaviour, fraud or corruption
- 7.4.4 Review actions taken to report any incidents of fraudulent or corrupt behaviour to the appropriate integrity bodies.

The ARC Charter Annual Work Plan requires items 7.4.1 and 7.4.2 to be reported annually in February and items 7.4.3 and 7.4.4 to be reported quarterly.

In the previous quarter there were two incidents of fraudulent credit card transactions, one identified by a staff member, the other by the National Australia Bank (NAB). Both transactions were made in USD and the amounts recovered in full.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****ISSUES/DISCUSSION****REVIEW REPORTS ON ANY INSTANCES OF UNETHICAL BEHAVIOUR, FRAUD AND CORRUPTION**

The Chief Executive Officer will provide a verbal report at the meeting on any instances of unethical behaviour, fraud and corruption including:

- any actual or suspected instances of fraud or corruption
- an analysis of the underlying control failures, and
- any actions taken to address each instance.

*Instances of Suspected or Actual Credit Card Fraud*

In the past quarter there have been no incidents of actual or suspected fraud or corruption.

*Instances of Actual and Attempted Cyber Fraud*

The cyber systems and processes in place have continued to protect the organisation with no actual incidents. Blocked and detected attempts include:

- 315 spam emails blocked
- 72 impersonation attacks
- 68 emails detected to have malware
- 2 unsafe links
- 2 malicious attachments

**REVIEW ACTIONS TAKEN TO REPORT ANY INCIDENTS OF FRAUDULENT OR CORRUPT BEHAVIOUR TO THE APPROPRIATE INTEGRITY BODIES**

There are no actions required to be undertaken this quarter.

Where actions are required the Chief Executive Officer will provide an overview of the actions taken to report incidents of unethical behaviour including:

- any actions taken to report an incident to an integrity body
- why it was determined that the incident was to be reported to an integrity body, and
- a status update of the response from the integrity body (if available).

**AUDIT AND RISK COMMITTEE COMMENTS**

The Committee was updated on two Fraud Prevention and Awareness training sessions delivered to Councillors and staff in March.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****7.21 OVERVIEW OF THE 2023/24 BUDGET**

**File Number:** FOL/22/5338  
**Author:** Deanne Caserta, Manager Financial Services  
**Authoriser:** Amanda Wilson, Director Corporate  
**Attachments:** 1. Draft Budget 2023/24  
2. Budget Presentation

**EXECUTIVE SUMMARY**

Each year the Audit and Risk Committee are presented with the Draft Annual Budget (the Budget).

**RECOMMENDATION**

That the Audit and Risk Committee notes the Draft 2023/24 Budget.

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this paper, or involved in the subject matter of the paper.

**COMMITTEE REFERENCES**

Committee Charter: 7.1.6

Annual Work Plan: 21-23

**PREVIOUS AUDIT COMMITTEE DISCUSSION**

This year the Draft Financial Plan (the Plan) figures have been included in the presentation to provide a full overview of these products. This however will not be put into a final document. This is for information purposes only.

**BACKGROUND**

Council have been presented with the Budget and Plan at the Council Forum on 11 April 2023 and at the Council Meeting dated 26 April 2023 they resolved to advertise.

For consistency purposes the same information that was presented to Councillors is attached and will be presented to the Audit and Risk Committee. Only minor adjustments were undertaken after this was developed, therefore this includes **\$1.67M** surplus and a **\$7.51M** carried forward surplus. The final draft to be resolved to advertise includes **\$1.72M** surplus and a **\$7.53M** carried forward surplus.

Council has once again used the Best Practice Guide 'Model Budget' to assist with developing the budget. The Executive Summary is based on this model and has been prepared to provide an explanation of the major components of the budget.

The Budget includes:

- the continuation of a strong cash position
- the continuation of the Community Planning program
- projects and initiatives included in Council's various strategic plans
- no new borrowings
- continuation of the use of discretionary reserves.

**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023**

Council's rating increase for 2023/24 is in line with the Victorian State Government's Rate Capping Policy which has been set at 3.5% on the 2022/23 forecast budget rate income. Council has discretion over increases relating to garbage and recycling charges, and has included in the draft budget an increase of 3.0% to assist in ensuring a cost neutral position for waste collection services.

**ISSUES/DISCUSSION**

The presented version has a budgeted cash position at the end of 30 June 2024 is a surplus of **\$1.67M**. This Budget consumes all of Council's current Revised Budget surplus of **\$7.51M**. Councillors were asked to consider this positive result in conjunction with the anticipated deficit outlined in the Financial Plan and unknown costs associated with the October 2022 flood.

The Budget was indexed based on the 2022/23 Revised Budget, using the indexation discussed with Councillors at the January Council Briefing. It distributed to all responsible officers for review to determine the expected ending position for 2022/23 and therefore determine the carried forward surplus. Staff were also required to submit information on any adjustments to the 2023/24 base data.

All new initiatives were required to be submitted via a budget submission. These have been reviewed and initial approval has been granted for those determined to be within the scope to deliver necessary actions from the various Council strategies and plans.

Every year a detailed salaries and wages calculation is undertaken to determine the true cost at employee level of the expected salaries and wages for the Draft Annual Budget. This is reviewed by MEG and populated into the budgeting system.

The Plan data has been indexed using the same discussed rates as applied to the Budget and a review undertaken to determine the yearly expected income and expenditure items. It also includes the capital works as required within each of the relevant infrastructure plans.

**COST/BENEFITS**

The benefits to Council and the community are that a consultative budget process complies with the Local Government Act 1989 and the Local Government Act 2020, the Budget provides a measure for accurate planning, and ensures that Council can deliver services and projects included in the document.

**RISK ANALYSIS**

The risk to Council of not considering and then advertising the Budget is that it will not comply with requirements under the Local Government Act 1989 / Local Government Act 2020.

**CONSULTATION AND ENGAGEMENT**

Multiple reviews have been undertaken by responsible officers then MEG to determine a close to balanced budget for presentation to Council.

There has also been reviewed undertaken on the forecast years.

The Local Government Act 2020 requires Council to develop the Budget in accordance to the financial management principles and its Community Engagement Policy.

**AUDIT AND RISK COMMITTEE DISCUSSION**

Committee discussion included challenges with resourcing project and service delivery and associated impacts on the Budget.

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**1 MAY 2023**

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**COMMITTEE RESOLUTION 2023/28**

Moved: Mr Rod Poxon

Seconded: Cr Gavan Holt

That the Audit and Risk Committee notes reports presented for information, being Agenda items 6.3 and 7.1 to 7.21.

**CARRIED**

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**AUDIT AND RISK COMMITTEE MEETING MINUTES****1 MAY 2023****8 GENERAL BUSINESS**

Nil

*Note: Following discussion with ARC members and Council officers at the start of the meeting, the Chairperson, Rod Baker advised presentation and consideration of Agenda items would be re-ordered for efficiency purposes. Reports were subsequently considered in the following order:*

*Item 7.6**Items 7.2 – 7.5**Item 5.1**Item 6.3**Item 6.6**Item 7.1**Item 7.21**Item 5.2 to Item 6.2**Item 6.4 to 6.5**Items 7.7 – 7.20***NEXT MEETING**

The next Audit Committee meeting will be held on Monday 7 August 2023 at Wedderburn commencing at 9.00am .

There being no further business the meeting was closed a 2.12 pm.

**Mr Rod Baker**  
**CHAIRPERSON**



**13 URGENT BUSINESS**

In accordance with Council's Governance Rules, Clause 53 provides that at a scheduled or special meeting of Council, business that is not included in the agenda notice must only be considered if no more than one Councillor is absent and the Council resolves that the matter is urgent.

Despite this requirement, a matter that is not included in the agenda notice must not be considered at a Council meeting if it will:

- (a) directly and significantly affect the exercise of a person's rights;
- (b) alter the Council Plan or the budget; or
- (c) commit the Council to expenditure exceeding \$20,000.

**14 CONFIDENTIAL ITEMS****RECOMMENDATION**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 66(1) and 66(2)(a) of the Local Government Act 2020:

**14.1 Sale of properties for rate recover under Section 181 of the Local Government Act 1989**

This matter is considered to be confidential under Section 3(1)(f) of the Local Government Act, and the Council is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

Matters of personal financial hardship of a resident or ratepayer

Closing of Meeting to the Public

**RECOMMENDATION**

That the meeting be closed to the public.

**NEXT MEETING**

The next Ordinary Meeting of Council will be held on 27 June 2023 at Wedderburn commencing at 3.00pm.

There being no further business the meeting was closed at \_\_\_\_\_.

Confirmed this.....day of..... 2023