



Minutes

Meeting of the Audit & Risk Committee
Tuesday, 17 November 2015

Held in the
Council Chambers
1 Merrijig Drive, Torquay

Commencing at 9.00am

*(NOTE: Committee Members & Internal Auditors
Meeting Commencing at 8.30am)*

MINUTES FOR THE ORDINARY MEETING OF SURF COAST SHIRE COUNCIL
HELD IN THE COUNCIL CHAMBERS, 1 MERRIJIG DRIVE, TORQUAY
ON TUESDAY 17 NOVEMBER 2015 COMMENCING AT 9.00AM

COMMITTEE MEMBERS & INTERNAL AUDITORS MEETING (*Commencing at 8.30am*):

PRESENT:

COMMITTEE MEMBERS

Cr Margot Smith
Cr Clive Goldsworthy
Brian Keane (Chair) Term expires 31/01/2016)
Melissa Field (Term expires 31/01/2016)
John Gavens (Term expires 27/01/2018)
Debra Russell (Term expires 27/01/2018)

In Attendance:

Sunil Bhalla – General Manager Governance & Infrastructure
Wendy Hope – Manager Governance & Risk
Avinesh Maharaj – Coordinator Governance & Procurement
Candice Holloway – Team Leader Governance
John Brockway – Manager Finance
Gabrielle Spiller – Coordinator Management Accounting
Rowan Mackenzie – Manager Environment & Community Safety
Kate Smallwood – Coordinator Environment
Ross Williams – Coordinator Occupational Health & Safety
Maureen White – Coordinator Risk Management & Legal Services
Co-ordinator Corporate Planning & Improvement – Danielle Foster
Scott Hartley (Grant Thornton)
Trai Moorthy (Grant Thornton)
Tim Loughnan (VAGO)

APOLOGIES:

Keith Baillie – Chief Executive Officer

Committee Resolution

MOVED Cr Margot Smith, Seconded Ms Melissa Field

That the Audit Committee receive an apology from Keith Baillie, Chief Executive Officer.

CARRIED 6:0

CONFIRMATION OF MINUTES:

Committee Resolution

MOVED Mr Brian Keane, Seconded Cr Margot Smith

That the Committee note the minutes of the Audit & Risk Committee meeting held on 8 September 2015, as a correct record of the meeting.

CARRIED 6:0

CONFLICTS OF INTEREST:

Nil.

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1. OUTSTANDING ISSUES & ACTIONS

1.1 Outstanding Issues & Actions Report

Charter Reference: 9.10.4

Author's Title: Team Leader Governance

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/467

Appendix:

1. Audit & Risk Committee Outstanding Issues & Actions (D15/29830)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an update on the progress made on action items identified through previous Audit reports and Audit & Risk Committee meetings.

Items previously notified as completed are shaded in red and will be removed from the report when the whole of that section has been completed.

Recommendation

That the Audit & Risk Committee receives the Outstanding Issues and Actions Report and notes the progress to date.

Meeting Discussion

The Audit & Risk Committee raised concern regarding the slippage in completion dates for some outstanding items. The Committee additionally noted that a number of the outstanding items are now due to be completed by the 30th December 2015. It was noted by Council officers that these items are on track for completion.

Action Items

1. Include a summary table at the front of future reports detailing movement in items since the last meeting (including number closed and number overdue by level of importance).

Committee Resolution

MOVED Cr Margot Smith, Seconded Cr Brian McKitterick

That the Audit & Risk Committee receives the Outstanding Issues and Actions Report and notes the progress to date.

CARRIED 6:0

2. PRESENTATIONS

2.1 Chief Executive Officer's Update

Charter Reference: N/A

Author's Title: Chief Executive Officer

CEO: Keith Baillie

Department: Office of the CEO

File No: F15/403

Division: Office of the CEO

Trim No: IC15/468

Appendix:

Nil

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an Organisational update from Keith Baillie, Chief Executive Officer.

Recommendation

That the Audit & Risk Committee receive and note the Chief Executive Officer's Update.

Meeting Discussion

In the absence of Keith Baillie, Chief Executive Officer, Sunil Bhalla, General Manager Governance & Infrastructure, provided an update to the Audit & Risk Committee on the following items:

Election of Mayor

- Cr. Rose Hodge was elected Mayor of the Surf Coast Shire for a one year term at the Special Meeting of Council held on the 27th October 2015. Cr. Clive Goldsworthy was elected Deputy Mayor.

Rate Capping

- The Essential Services Commission released the Final Report – Local Government Rates Capping & Variation Framework Review on the 21st October 2015.
- The report confirms that the indicative forecast for 2016-17 is 3.05%.
- For the Surf Coast Shire Council, this equates to \$100 - 110 million shortfall over the next 15 years.

Torquay Jan Juc Developer Contributions Plan

- Status report provided to Council and a review framework has been prepared.
- Report being presented to the Ordinary Meeting of Council to be held on 8th December 2015.

Waste Management

- Council operates an active landfill site in Anglesea. An update on management of the site and implications on the long term financial plan was provided.

Aquatic and Health Centre

- Consultation with the community on the proposed Aquatic and Health Centre has concluded.
- Report being prepared for the Ordinary Meeting of Council to be held on 8th December 2015.

Changes in Legislation

- The Victorian Parliament has recently passed amendments to the Local Government Act 1989 – Local Government Amendment (Improved Governance) Act 2015. Changes include formal recognition of the Chair of the Audit & Risk Committee and clarity around the roles and responsibilities of Councillors and the Chief Executive Officer.
- The review of Local Government Act 1989 is also underway. More discussion to be had under item 6.3 on today's Agenda - Legislative Update - Local Government Act 1989.

2.1 Chief Executive Officer's Update

Committee Resolution

MOVED Ms Debra Russell, Seconded Mr John Gavens

That the Audit & Risk Committee receive and note the Chief Executive Officer's Update.

CARRIED 6:0

2.2 Climate Change & 2015-16 Fire Danger Season

Charter Reference: 9.5.1, 9.5.2, 9.5.3, 9.5.4

Author's Title: Team Leader Governance

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/470

Appendix:

1. Climate Change & Associated Risks - Presentation (D15/95929)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive a presentation from Rowan McKenzie, Manager Environment and Community Safety, on Climate Change and the 2015-16 Fire Danger Season providing context on what Council is doing to mitigate risks.

Recommendation

That the Audit & Risk Committee receive and note the presentation on Climate Change and the 2015-16 Fire Danger Season.

Committee Resolution

MOVED Ms Melissa Field, Seconded Ms Debra Russell

That the Audit & Risk Committee receive and note the presentation on Climate Change and the 2015-16 Fire Danger Season.

CARRIED 6:0

2.3 Program Management Office Update

Charter Reference: N/A

Author's Title: Team Leader Governance

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/471

Appendix:

1. Program Management Office - Presentation (D15/96286)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive a presentation from Rowena Frost, Manager Program Management Office, on the work currently being completed by the Program Management Office.

Recommendation

That the Audit & Risk Committee receive and note the presentation on the Program Management Office.

Action Items

1. Program status (including pie chart graphs) to be reported to the Audit & Risk Committee on a quarterly basis as part of the Risk Reporting.

Committee Resolution

MOVED Cr Margot Smith, Seconded Mr John Gavens

That the Audit & Risk Committee receive and note the presentation on the Project Management Office.

CARRIED 6:0

3. RISK MANAGEMENT

3.1 Enterprise Risk Management Report

Charter Reference: 9.5.1, 9.5.2, 9.5.3

Author's Title: Coordinator Risk Management & Legal Services **General Manager:** Sunil Bhalla

Department: Governance & Risk **File No:** F15/403

Division: Governance & Infrastructure **Trim No:** IC15/472

Appendix:

1. Enterprise Risk Management Report November 2015 (**Confidential**) (D15/95493)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To provide an updated Enterprise Risk Management Report for this meeting which includes:

- Risk Matrix, Likelihood and Consequence Rating
- Serious Current Risks
- Heat Map – Current & Residual Rating
- Risk Severity Overall – Current & Residual Rating
- Risk by Category and Severity – Current & Residual Rating
- Risk Assessments – Serious Current & Residual Risks
- Risk Summary Table including Trending
- Risk Management
- Business Continuity
- Insurance
- Litigation
- Occupational Health and Safety.

Recommendation

That the Audit & Risk Committee receive and note the Enterprise Risk Management Report.

Action Items

1. Graph depicting workforce demographic to be included in future OHS section of reports.
2. Basic commentary on Workcover claims to be included in future reports (excluding specific confidential information).

Committee Resolution

MOVED Mr Brian Keane, Seconded Ms Melissa Field

That the Audit & Risk Committee receive and note the Enterprise Risk Management Report.

CARRIED 6:0

4. AUDIT REPORTS

4.1 Internal Auditors Update (Grant Thornton)

Charter Reference: 9.2.3

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/535

Appendix:

1. Internal Audit Status Report November 2015 (D15/99180)
2. FY15 Surf Coast Revenue (Excluding Rates Review) Audit Report - Final (D15/98643)
3. Risk Management Report and List of Strategic Risks for Council - Draft (D15/98639)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

Grant Thornton has provided the Internal Audit Status Report which summarises the work Grant Thornton has completed to date.

Grant Thornton has also provided the following for the Audit & Risk Committee:

- Final Revenue (excluding Rates) Audit Report and
- Draft Risk Management Report and List of Strategic Risks for Council.

Recommendation

That the Audit & Risk Committee receive and notes the Internal Auditors update (Grant Thornton).

Meeting Discussion

The Audit & Risk Committee met with the Internal Auditors prior to the commencement of this meeting. An update will be provided to Keith Baillie, Chief Executive Officer and Sunil Bhalla, General Manager Governance and Infrastructure.

The Committee's ongoing involvement in the development and refining of the strategic risks was noted.

Action Items

1. Management comments within future Audit Reports are to be specific statements (agree or disagree to recommendations and a brief note of actions to be taken if agree).
2. To facilitate the Committee's ongoing involvement with the Draft Risk Management Report development and List of Strategic Risks, updates to be provided to Committee members via email allowing the opportunity for members to provide feedback.
3. Final Risk Management Report structure and List of Strategic Risks to be presented to the Audit & Risk Committee at the 16th February 2016 meeting.

Committee Resolution

MOVED Mr Brian Keane, Seconded Ms Melissa Field

That the Audit & Risk Committee receive and notes the Internal Auditors update (Grant Thornton).

CARRIED 6:0

4.2 External Auditors Update (Victorian Auditor General's Office)

Charter Reference: 9.2.3

Author's Title: Team Leader Governance

CEO: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/541

Appendix:

Nil

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an update from the External Auditors (Victorian Auditor General's Office).

Recommendation

That the Audit & Risk Committee receive and note the External Auditors Update (Victorian Auditor General's Office) update.

Committee Resolution

MOVED Cr Margot Smith, Seconded Mr John Gavens

That the Audit & Risk Committee receive and note the External Auditors Update (Victorian Auditor General's Office) update.

CARRIED 6:0

4.3 Business Improvement Audit Plan & Status Update

Charter Reference: 9.2.5

Author's Title: Manager Business Improvement **CEO:** Keith Baillie

Department: Office of the CEO **File No:** F15/403

Division: Office of the CEO **Trim No:** IC15/542

Appendix:

1. Business Improvement Program - Major & Minor Review Update - November 2015 (**Confidential**) (D15/96641)
2. Business Improvement Thermometer - 2015/16 (**Confidential**) (D15/96614)

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1989 – Section 80C:

Yes

No

Reason: Nil

Status:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Reason: Nil

Purpose

To receive an update to on the Business Improvement Program.

Discussion

A briefing was provided to the Audit & Risk Committee on the Business Improvement Program at the September meeting.

This report provides an update on progress of the 2015/16 work plan. For clarity the work plan includes:

- Two Major Reviews
 - Family Day Care
 - Visitor Information Centres
- Five Minor Reviews
 - Aireys Inlet Social Housing Units
 - Winchelsea Independent Living Units
 - Large scale mail outs/communication
 - Engineering Services fees and charges
 - Underutilised community buildings

Recommendation

That the Audit & Risk Committee notes the progress of the Business Improvement Program.

Committee Resolution

MOVED Mr John Gavens, Seconded Ms Debra Russell

That the Audit & Risk Committee notes the progress of the Business Improvement Program.

CARRIED 6:0

4.4 Performance Audit Reports - External Agencies

Charter Reference: 9.9.2

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/498

Appendix:

1. Performance Audit Reports – External Agencies (September 2015 – November 2015) (D15/95894)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an update on the various external agencies Performance Audit Reports and their implication on Council. Full copies of these reports can be located at the relevant websites.

Recommendation

That the Audit & Risk Committee receives and notes the various external agencies performance audit reports and their implications for Council.

Committee Resolution

MOVED Ms Debra Russell, Seconded Mr John Gavens

That the Audit & Risk Committee receives and notes the various external agencies performance audit reports and any implications for Council.

CARRIED 6:0

4.5 Review of Council Works Depots

Charter Reference: 9.9.2

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/404

Division: Governance & Infrastructure

Trim No: IC15/490

Appendix:

1. Internal Audit Report of Council Works Depot (**Confidential**) (D15/97152)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive a report on the recent audit of Council's works depots and to report on any findings where council processes and procedures are operating in accordance with the findings of the Victorian Independent Broad-based Anti-corruption Commission (IBAC) report in the areas of procurement, management of bulk consumables, management of small plant, equipment, leadership and culture.

Recommendation

That the Audit & Risk Committee note the findings and the recommendations of the Works Depot Review.

Committee Resolution

MOVED Mr John Gavens, Seconded Ms Debra Russell

That the Audit & Risk Committee note the findings and the recommendations of the Works Depot Review.

CARRIED 6:0

5. FINANCIAL REPORTS

5.1 Monthly Finance Report September 2015

Charter Reference: 9.1.1, 9.1.2, 9.1.3, 9.1.4, 9.4.2

Author's Title: Manager Finance

General Manager: Keith Baillie

Department: Finance

File No: F15/403

Division: Office of the CEO

Trim No: IC15/473

Appendix:

1. Monthly Finance Report September 2015 (D15/91262)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

An executive summary, financial analysis, capital works and new initiatives performance summary, financial position analysis and consolidated financial statements are included for the three months ending 30 September 2015. The report also contains an analysis of the significant year-to-date variations that are favourable or unfavourable to Council's 2015/16 budget.

The key financial results are as follows:

Year to date measure	Value (\$m)	Commentary
Operating Result	35.8	\$0.3m favourable to Budget
Capital Works expenditure	1.7	\$1.8m favourable to Budget
New Initiatives expenditure	0.3	\$0.1m favourable to Budget
Net Assets & Total Equity	414.4	\$0.3m favourable to Budget
Cash & Cash Equivalents (including financial assets)	30.1	\$2.0m favourable to Budget
Working Capital Ratio	619%	191% favourable to Budget

Recommendation

That the Audit & Risk Committee receive and note the September 2015 Monthly Financial Report.

Committee Resolution

MOVED Cr Margot Smith, Seconded Ms Melissa Field

That the Audit & Risk Committee receive and note the September 2015 Monthly Financial Report.

CARRIED 6:0

5.2 Long Term Financial Plan - Structure

Charter Reference: 9.6.4

Author's Title: Manager Finance

CEO: Keith Baillie

Department: Finance

File No: F15/403

Division: Office of the CEO

Trim No: IC15/474

Appendix:

1. Presentation 10 November 2015 Council Briefing - Long Term Financial Plan - Structure (D15/100297)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To brief the Audit & Risk Committee on Council's Long Term Financial Plan structure.

The presentation provided to Council's 10 November 2015 Briefing Session has been included as an Appendix; the Committee will have an opportunity for questions.

Recommendation

That the Audit & Risk Committee note Council's Long Term Financial Plan structure.

Committee Resolution

MOVED Cr Margot Smith, Seconded Mr John Gavens

That the Audit & Risk Committee note Council's Long Term Financial Plan structure.

CARRIED 6:0

6. OTHER REPORTS

6.1 OH&S Accreditation Update

Charter Reference: 9.5.1

Author's Title: Coordinator Occupational Health & Safety **General Manager:** Chris Pike

Department: People & Culture **File No:** F15/403

Division: Culture & Community **Trim No:** IC15/478

Appendix:

Nil

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1989 – Section 80C:

Yes

No

Status:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Reason: Nil

Reason: Nil

Purpose

Ross Williams, Coordinator Workplace Health and Safety will provide an update on OH&S Accreditation.

- After the recent workplace health and safety accreditation Council has completed the five minor improvements and areas of improvements.
- This is an important part of compliance requirements for Council as it affirms the organisation has a strong and robust safety system.
- The accreditation has set a standard for our community, contractors and staff.
- The auditor will be revisiting the shire from 26 -28/10/2015 to overview our improvements since the previous accreditation audit.
- All WHS documentation including Council's overall WHS Policy has been reviewed and updated since the accreditation audit.

Recommendation

That the Audit & Risk Committee receive and note the update on OH&S Accreditation.

Committee Resolution

MOVED Mr John Gavens, Seconded Mr Brian Keane

That the Audit & Risk Committee receive and note the update on OH&S Accreditation.

CARRIED 6:0

6.2 Procurement Update

Charter Reference: 9.7.1, 9.7.3

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/480

Appendix:

1. Council Policy - Procurement - October 2015 (D15/97838)

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1989 – Section 80C:

Yes

No

Status:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an update of Council's subscription to the MAV LEAP Procurement Program, and to note Council's updated Procurement Policy and the appointment of Council's new Procurement and Contracts Officer.

Report

Following the successful roll-out of the MAV STEP Programs in Asset Management and Planning, MAV Procurement has taken a further step in introducing the new MAV LEAP Program in partnership with Arc Blue, one of Australia's leading procurement consultancies and trainers.

The MAV LEAP Program is a low-cost ongoing continuous improvement program available to all Victorian Councils and Regions that uses real data and evidence to improve the procurement capability and performance of Councils and enables structured collaboration between Councils and across the sector.

The MAV LEAP Program has been developed as a response to direct feedback and recommendations from Council Procurement professionals, captured through MAV Procurement's ongoing engagement with Councils. The recent Procurement Leader's forum where 40 Local Government procurement professionals attended highlighted the need for a tailored Victorian Procurement Continuous improvement program based on similar successful programs being run in NSW and SA.

The benefits for Councils participating in the MAV LEAP Program include the following:

- Ability to monitor compliance with policy and probity performance
- Visibility of category and contract savings opportunities
- Better management of Council's Procure-to-Pay process efficiency
- Information on regional collaborative procurement projects
- Sector wide and regional benchmarking and performance tracking
- Driving shared services delivery of Procurement and other Local Government services
- Developing the capability needed to deliver real outcomes through procurement
- Delivery of targeted support to each Council and regions to continuously improve
- Consolidation of regional and sector information to inform strategic sector development support and
- A single point of access for all Council spend dashboards, procurement benchmarking and performance reporting.

Council is obliged under Section 186A (7) of the Local Government Act 1989 (the Act) to review its Procurement Policy at least once every financial year. A recent review by officers was completed with minimal suggested changes being identified. The changes mainly related to strengthening of definitions, inclusion of the option to appoint a probity auditor and the preference for local content, where applicable. The updated policy was recently adopted by Council at its meeting on 27 October 2015.

6.2 Procurement Update

As a result of Council's restructure and the realignment of Procurement and Contracts into the Governance Unit, a new Procurement and Contracts Officer position was created, to work together with the Coordinator Governance & Procurement to roll out the MAV LEAP Program, and to:

- Ensure consistent, credible, high quality and timely procurement, tendering and contract management processes are in place across the organisation.
- Ensure procurement and contracting practices are compliant, transparent, fair and ethical, and are conducted in accordance with best value principles and
- Provide advice, training and assistance to employees across the organisation in relation to procurement and contract management.

Recommendation

That the Audit & Risk Committee:

1. Note Council's update of its subscription to the MAV LEAP Program for Procurement.
2. Note Council's updated Procurement Policy (SCS-019 – Appendix 1).
3. Note the appointment of Anyetta Saldukas as Council's new Procurement and Contracts Officer.

Meeting Discussion

The Audit & Risk Committee requested policies with significant relevance to the Committee be presented prior to Council adoption to allow inclusion of any Committee recommendations or changes.

Action Items

1. All policies with significant relevance to the Committee (e.g. Fraud, Procurement, Investment, Delegations) to be circulated to the Audit & Risk Committee for comment prior to adoption by Council.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Ms Debra Russell

That the Audit & Risk Committee:

1. Note Council's update of its subscription to the MAV LEAP Program for Procurement.
2. Note Council's updated Procurement Policy (SCS-019 – Appendix 1).
3. Note the appointment of Anyetta Saldukas as Council's new Procurement and Contracts Officer.

CARRIED 6:0

6.3 Legislative Update - Local Government Act 1989

Charter Reference: 9.7.2, 9.7.3

Author's Title: Manager Governance & Risk

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/427

Appendix:

1. Local Government Amendment (Improved Governance) Act 2015 - 20 October 2015 (D15/95861)
2. Local Government (General) Regulations 2015 - 23 October 2015 (D15/95862)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To receive an update in relation to the review of Local Government Act 1989 and the Local Government (General) Regulations 2004.

Discussion

The various reviews/updates that are currently underway are outlined below:

Local Government Act 1989 – Full Review

The Victorian State Government has announced a comprehensive review of the Local Government Act 1989 to “Improve transparency and create a more contemporary, accessible Act that meets the current and future needs of Victorian communities”.

It is the first comprehensive review of the Act, which has seen over 90 amending Acts and hundreds of individual changes over the last 25 years.

The review will look at the objectives, roles and functions of Councils; the powers required of Councils to achieve these objectives and perform their roles and functions; and the extent these should be regulated under the Act. Other related legislation such as the City of Greater Geelong Act 1993, the City of Melbourne Act 2001 and the Municipal Association Act 1907 are also included in the review.

An advisory committee has been appointed to provide advice on the review which is chaired by Member for Yuroke, Ros Spence, and made up of current Councillors, former Chief Executive Officers from local government and the public sector, and public policy experts. Consultation will also take place with the Municipal Association of Victoria, Victorian Local Governance Association and LGPro.

Local residents will also be asked for their input through a consultation process that will include distribution of a discussion paper and development of a website and community hub at:
www.yourcouncilyourcommunity.vic.gov.au.

The initial consultation phase will continue until mid-December, followed by the publication of a directions paper and further consultation in 2016 before the Bill is drafted in 2017, with implementation of the new Act expected to take place in 2018.

Council will be providing a submission into this process.

Local Government Amendment (Improved Governance) Bill 2015

The Local Government Amendment (Improved Governance) Bill 2015 was passed by the Legislative Council on 20 October 2015. The Amendment's major reforms for councillor conduct processes will become operative over the coming months and improvements to electoral procedures will be enacted in time for the 2016 elections. The Amendment also places a ban on councillor discretionary funds (also called 'ward funds').

6.3 Legislative Update - Local Government Act 1989

LGV will provide guidance to the sector ahead of the phased implementation of the different parts of the Amendment. This will be in the form of circulars, fact sheets and guidance notes. The Amendment can be downloaded from the [Parliament website](#).

In summary the Amendment:

- Provides clearer descriptions of the roles of Councillors, Mayors and CEOs.
- Provides clearer definitions and distinctions between levels of misconduct.
- Provides more enforcement mechanisms for Council codes of conduct.
- Improves Councillor Conduct Panel processes.
- Provides a role for the Inspectorate in investigating and bringing applications of misconduct.
- Provides new powers to the Minister to stand down individual Councillors and to issue governance directions.
- Abolishes ward funds.
- Improves Council election processes.

The Amendment also formalises the requirement for the Chair of the Audit Committee to be an independent member with the authority to require the tabling of audit committee reports at Council meetings.

Local Government (General) Regulations 2015

On 23 October 2015, the new Local Government (General) Regulations 2015 (as attached) came into operation. They replace previous General Regulations made in 2004.

The updated Regulations cover similar matters as those contained in the 2004 Regulations and prescribe a range of forms and information that Councils must make available. The new regulations also prescribe circumstances where a Councillor or Special Committee member has an indirect interest because of conflicting duties, in addition to those already detailed in the Local Government Act. They propose to continue to exempt legal services from the requirements for competitive tendering by a Council.

The principal changes in the 2015 Regulations are:

- Removal of the requirement for vendors to lodge Notices of Disposition;
- Inclusion of information in rates notices about the type/class of a property for differential rate purposes;
- Changes to the documents available for inspection, including removal of some currently required;
- Change to the application fee for a Land Information Certificate to \$24.80;
- Amendments to information prescribed in a Notice of Acquisition to assist preparation of the voters' roll.

Recommendation

That the Audit & Risk Committee note the contents of the Legislative Update report.

Action Items

1. Council to consider developing a Compliance Policy.

Committee Resolution

MOVED Ms Melissa Field, Seconded Cr Brian McKitterick

That the Audit & Risk Committee note the contents of the Legislative Update report.

CARRIED 6:0

7. ADMINISTRATIVE MATTERS

7.1 Committee Self-Assessment Questionnaire

Charter Reference: 9.10.3

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/497

Appendix:

1. Assessing the Effectiveness of the Audit Committee - Analysis (D15/92713)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

To note the results of the annual Audit & Risk Committee Self-Assessment.

Recommendation

That the Audit & Risk Committee note the results of the Audit & Risk Committee Self-Assessment Questionnaire.

Meeting Discussion

The Committee discussed that it would be beneficial to have the Councillors and Executive evaluate the satisfaction of the Committee.

Action Items

1. Officers to facilitate Councillor and Executive assessment of the Audit & Risk Committee when the next annual assessment is carried out.
2. Brian Keane to discuss remuneration with the CEO.

Committee Resolution

MOVED Mr Brian Keane, Seconded Mr John Gavens

That the Audit & Risk Committee note the results of the Audit & Risk Committee Self-Assessment Questionnaire.

CARRIED 6:0

7.2 Committee Charter

Charter Reference: 9.10.2

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/488

Appendix:

1. Audit & Risk Committee Charter (D15/99548)

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1989 – Section 80C:

Yes

No

Reason: Nil

Status:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Reason: Nil

Purpose

To receive and note the updated Audit & Risk Committee Charter, which includes feedback from members and aligns with the Work Plan for 2015-2016.

Recommendation

That the Audit & Risk Committee note the revised Audit & Risk Committee Charter and forwards to Council for formal adoption.

Action Items

1. Inset heading for Section 9.1 'External Audit' and reformat numbering of this section.

Committee Resolution

MOVED Mr John Gavens, Seconded Cr Brian McKiterick

That the Audit & Risk Committee note the revised Audit & Risk Committee Charter and forwards to Council for formal adoption.

CARRIED 6:0

7.3 Committee Work Plan 2015-2016

Charter Reference: 9.10.4

Author's Title: Coordinator Governance & Procurement

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/533

Appendix:

1. Audit & Risk Committee Work Plan 2015 2016 (D15/15717)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 – Section 80C:

Information classified confidential under Section 77 of the Local Government Act:

Yes

No

Yes

No

Reason: Select Conflict of Interest

Reason: Nil

Purpose

To adopt the Audit & Risk Committee Work Plan for 2015-2016.

The Work Plan was previously provided at the 8 September 2015 the Audit & Risk Committee Meeting where it was decided to review the Work Plan to align it with the Audit & Risk Committee Charter. Council has since carried out this work. Changes were made only after receiving input from the members of the Committee.

Recommendation

That the Audit & Risk Committee adopts the Committee Work Plan for 2015-2016.

Action Items

1. Align adopted Charter with Committee Work Plan 2015-2016 and present to the next Audit & Risk Committee meeting.
2. Opportunity for Committee to comment on policies with significant relevance to the Committee to be added to the annual Work Plan. Grant Thornton to provide suggested list of policies to officers.

Recommendation lapsed.

7.4 Committee Membership

Charter Reference: N/A

Author's Title: Team Leader Governance

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/475

Appendix:

Nil

Officer Direct or Indirect Conflict of Interest:

In accordance with Local Government Act 1989 –
Section 80C:

Status:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

The current term for Melissa Field, Independent Member and Brian Keane, Independent Member and Chair will expire on the 31st January 2016. At its meeting to be held on the 24th November 2015, Council will consider an extension of these terms including Brian's position as Chair until the 31st January 2017.

At its meeting held on the 27th October 2015, Council endorsed Cr. Brian McKiterick and Cr. Margot Smith as the 2016 Council delegates.

Recommendation

That the Audit & Risk Committee note the changes in Committee membership.

Committee Resolution

MOVED Ms Melissa Field, Seconded Ms Debra Russell

That the Audit & Risk Committee note the changes in Committee membership.

CARRIED 6:0

7.5 Next Meeting & Proposed Agenda Outline

Charter Reference: 9.10.2

Author's Title: Team Leader Governance

General Manager: Sunil Bhalla

Department: Governance & Risk

File No: F15/403

Division: Governance & Infrastructure

Trim No: IC15/476

Appendix:

1. Audit & Risk Committee Meeting Dates 2016 (D15/93649)

Officer Direct or Indirect Conflict of Interest:

Status:

In accordance with Local Government Act 1989 –
Section 80C:

Information classified confidential under Section 77
of the Local Government Act:

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

The proposed meeting schedule for 2016 is attached at Appendix 1. The next meeting is proposed to be held on **Tuesday, 16 February 2016 from 9.00 – 11.00am.**

The proposed Agenda outline for this meeting is as follows:

- Chief Executive Officer's Update
- Outstanding Issues & Actions
- Presentation
- Risk Management
 - Enterprise Risk Management
- Audit Reports
 - Internal Auditors Update (Grant Thornton)
 - External Audit Update (VAGO)
 - Business Improvement Audit Plan & Status Update
 - Performance Audit Reports – External Bodies
- Financial Reports
 - VAGO Financial Sustainability Indicators.
- Other Reports
 - Compliance Systems
 - Fraud
- Administrative Matters
 - Next Meeting Date & Proposed Agenda

Recommendation

That the Audit & Risk Committee confirm the 2016 meeting schedule and note the next meeting to be held on Tuesday, 17 November 2015 from 9.00 – 11.30am.

Action Items

1. Reschedule meeting proposed for 6th September 2016 to allow attendance of the Chair.

Committee Resolution

MOVED Mr Brian Keane, Seconded Mr John Gavens

That the Audit & Risk Committee confirm the 2016 meeting schedule and note the next meeting to be held on Tuesday, 16 February 2016 from 9.00 – 11.30am.

CARRIED 6:0

Close: There being no further items of business the meeting closed at 11.41am.