



Minutes

Meeting of the Audit & Risk Committee
Thursday, 8 September 2016

Held in the
Council Chambers
1 Merrijig Drive, Torquay
Commencing at 9:00am

MINUTES FOR THE AUDIT AND RISK COMMITTEE MEETING OF SURF COAST SHIRE COUNCIL
HELD IN THE COUNCIL CHAMBERS, 1 MERRIJIG DRIVE, TORQUAY
ON THURSDAY 8 SEPTEMBER 2016 COMMENCING AT 9:00AM

PRESENT:

COMMITTEE MEMBERS

Cr Margot Smith
Cr Brian McKiterick
Brian Keane (Chair) (Term expires 31/01/2017)
Melissa Field (Term expires 31/01/2017)
John Gavens (Term expires 27/01/2018)
Debra Russell (Term expires 27/01/2018)

In Attendance:

Keith Baillie – Chief Executive Officer
John Brockway – Manager Finance
Wendy Hope – Manager Governance & Risk
Danni Vasiloski – Team Leader Governance
Scott Hartley (Grant Thornton)
Trai Moorthy (Grant Thornton)
Tim Loughnan (VAGO)
Sanchu Chummar (VAGO)
Maureen White – Coordinator Risk Management and Legal Services
Brendan Walsh - Manager Business Improvement
Rowena Frost - Manager Program Management Office
Danielle Foster - Coordinator Corporate Planning
Tracey McCarthy - Coordinator Financial Accounting
Gabby Spiller - Coordinator Management Accounting
Lori Lee - Systems Accountant
Avinesh Maharaj – Coordinator Governance & Procurement
Jade McKenzie - Coordinator Revenue

APOLOGIES:

Anne Howard – General Manager Governance and Infrastructure

CONFIRMATION OF MINUTES:

Committee Resolution

MOVED Mr Brian Keane, Seconded Ms Debra Russell

That the Audit & Risk Committee note the minutes of the meeting held on 17 May 2016 as a correct record of the meeting.

CARRIED 6:0

CONFLICTS OF INTEREST:

Nil.

BUSINESS:

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1. OUTSTANDING ISSUES & ACTIONS

1.1 Outstanding Issues & Actions Report

Charter Reference: 9.2.3

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/773

Appendix:

1. Audit & Risk Committee Outstanding Issues & Actions - Status Log - September 2016 (D16/1527)
2. Audit & Risk Committee Combined Outstanding Issues & Actions - April 2015 Onwards (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 orange 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.

Action:

Close off action item No. 3 on Page 12 - Authority user access management.

Committee Resolution

MOVED Cr Margot Smith, Seconded Ms Melissa Field

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/R

Author's Title: Chief Executive Officer

CEO: Keith Baillie

Department: Office of the CEO

File No: F16/145

Division: Office of the CEO

Trim No: IC16/774

Appendix:

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

- Comfortable with Year End process
- Lead up to election and additional work this has generated.
- Caretaker period commences at midnight on 20 September 2016.
- Last briefing and Council meeting 13 September 2016.
- Councillor Code of Conduct issue discussed – noted that Surf Coast Shire Council's Code was found to be compliant with the legislation. Governance thanked for their work on this.
- General Manager Governance & Infrastructure – currently being advertised with independent Chair of the CEO Employment Matters Committee chairing the panel.
- The Chair noted the good work that has been completed in risk management in the last 6 months.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

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

CARRIED 6:0

2.2 Confidential Business Improvement Program - Status Report

Charter Reference: 9.2.5

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

Department: Office of the CEO **File No:** F15/883

Division: Office of the CEO **Trim No:** IC16/941

Appendix:

1. Business Improvement Update - A&RC - August 2016 (D16/79459) (Confidential)

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 activities associated with the Business Improvement Program.

Discussion

A briefing was last provided to the Audit and Risk Committee on the Business Improvement Program at the May 2016 meeting.

This report provides a final update on the 2015/16 work plan and identifies the items in the 2016/17 work plan and current progress on this.

Recommendation

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

Meeting Discussion

Discussed savings made through the Program.

Additional staff member is joining the Business Improvement team.

Committee Resolution

MOVED Cr Margot Smith, Seconded Mr John Gavens

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

CARRIED 6:0

3. RISK MANAGEMENT

3.1 Enterprise Risk Management Report, Risk Management Strategy and Risk Appetite

Author's Title: Coordinator Risk Management & Legal Services **General Manager:** Anne Howard

Department: Governance & Risk

File No: F16/1075

Division: Governance & Infrastructure

Trim No: IC16/987

Appendix:

1. ERM Report August 2016 (D16/72299) (Confidential)
2. 1009 SCS RM Strategy v5 - Draft 15/03/2016 (D16/36071)

Officer Direct or Indirect Conflict of Interest:

Status:

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

Information classified confidential in accordance with Local Government Act 1989 – Section 77(2)(c):

Yes

No

Yes

No

Reason: Nil

Reason: Nil

Purpose

That the Audit & Risk Committee review and provide feedback on the risk management documents.

Summary

The risk management strategy and risk appetite were reviewed with consideration to the Victorian Government Risk Management Framework 2015, the VMIA Practice Guide and Liability Mutual Insurance targeted risk appraisal of the risk management framework.

Discussion

1. Enterprise Risk Management Report

The report includes:

- a) Risk Profile
- b) Strategic Risks – Current Rating Serious or High. Controls evidence has been added to the table.
- c) Operational Risks – Current Rating Serious
- d) Risk Treatment Action Status
- e) New and Emerging Risks
- f) Risk Management Improvement Activities
- g) Risk Appetite (see below)

2. Risk Management Strategy

The Risk Management Strategy was last reviewed in March of 2014. Changes include:

- a) Aligning roles and responsibilities with the Risk Management Policy,
- b) Updating titles to reflect current organisational structure,
- c) Including a risk appetite set of statements including risk tolerance as described in the VMIA Practice Guide,
- d) Incorporating recommendations from the Liability Mutual Insurance Risk Management Framework review.
- e) Incorporating changes to align with the Victorian Government Risk Management Framework 2015 as described in the VMIA Practice Guide.
- f) Modifying the reporting structure to reflect current practices.

3. Risk Appetite

A set of risk appetite statements has been developed to influence and guide decision-making consistently by clarifying intent, capacity and capability.

The statements were developed based on the Victorian Government Risk Management Framework and VMIA Practice Guidelines and incorporate 'Our Top 5IVE' to provide linkages between the risk management framework and organisational direction.

- a) Each statement includes risk tolerances.
- b) Statements are based on the risk matrix consequence categories.

3.1 Enterprise Risk Management Report, Risk Management Strategy and Risk Appetite

Recommendation

That the Audit & Risk Committee:

1. Note the Enterprise Risk Management Report.
2. That the Audit & Risk Committee provides feedback on the Risk Management Strategy.
3. That the Audit & Risk Committee provides feedback on the Risk Appetite

Meeting Discussion

- Risk report noted.
- It was discussed that some of the register's risk ratings are reflective of the risk of the event to the broader community, rather than to the Council (eg severe weather event). The Committee suggested that over time Management revisits the register to ensure rating of risks accurately reflect the Council's situation.
- Risk appetite – suggested further develop to include opportunities as well as negative impacts before presenting to the new Council next year.
- Risk Strategy – suggested update to reporting structure flowchart before finalisation.
- Amend responsibilities to include Council's role in determining the risk appetite.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Ms Melissa Field

That the Audit & Risk Committee:

1. Note the Enterprise Risk Management Report.
2. That the Audit & Risk Committee provides feedback on the Risk Management Strategy.
3. That the Audit & Risk Committee provides feedback on the Risk Appetite

CARRIED 6:0

3.2 Work Health & Safety Report

Charter Reference: N/R

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/789

Appendix:

1. Work Health & Safety Quarterly Report April - June 2016 (D16/79453)

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 updated Work Health & Safety report.

Recommendation

That the Audit & Risk Committee receive and note the Work Health & Safety report.

Meeting Discussion

Manager People and Culture, Leanne Perryman, to attend the November Audit and Risk Committee meeting to discuss WHS reporting including the addition of:

- A matrix
- Targets
- Long-term trends.
- Reporting on hazards and how Council is responding.

Committee Resolution

MOVED Ms Debra Russell, Seconded Cr Brian McKitterick

That the Audit & Risk Committee receive and note the Work Health & Safety report.

CARRIED 6:0

3.3 2015/16 Year End Program Management Report

Charter Reference: N/R

Author's Title: Manager Program Management Office
General Manager: Kate Sullivan

Department: Program Management Office
File No: F15/1295

Division: Environment & Development
Trim No: IC16/968

Appendix:

1. Program Management Office - 2015 16 Year End Program Report (PDF) (D16/82077)

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 present a 2015/16 Year End Program Report to the Audit and Risk Committee.

Recommendation

That the Audit & Risk Committee note and receive a 2015/16 Year End Program Report.

Meeting Discussion

2015/16 First year project management framework.

Transfer tables and transparency in reporting.

Project management framework went live 1 July 2016.

Council won a Victorian Achievement Award. (*Change Management Category*).

Year End program report being presented to 13 September Council meeting.

Action:

For the next meeting the Committee requested a program status report that include progress against projects: (eg pie charts previously provided). To include:

- Time
- Quality
- Money

Committee Resolution

MOVED Cr Margot Smith, Seconded Cr Brian McKiterick

That the Audit & Risk Committee note and receive a 2015/16 Year End Program 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: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/943

Appendix:

1. Financial Year 2017 to 2019 Strategic Internal Audit Plan FINAL September 2016 (D16/85355)
2. Audit and Risk Committee - Internal Audit Status Report Aug 2016 (D16/81477)

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 following reports for the Audit and Risk Committee (ARC):

1. Surf Coast Strategic Internal Audit Plan (FY2017) – Final for ARC;
2. Internal Audit Status Report – which summarises the work Grant Thornton has completed to date.

Grant Thornton is also currently undertaking a follow up review of the 2015 Surf Coast Revenue (excluding Rates) Review completed in November 2015.

Recommendation

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

Meeting Discussion

Consider inclusions:

- Recommend 2016/17 Plan is adopted.
- Operational review of service delivery could be considered for inclusion.

Actions:

- Years 2/3 of the Plan to be reviewed and adopted at the May 2017 meeting – add to Work Plan.
- Develop action plan for Risk 30 - Failure of trees. Risk owner to brief Committee in February 2017.

Committee Resolution

MOVED Cr Margot Smith, Seconded Ms Melissa Field

That the Audit & Risk Committee receive and notes the Internal Auditors update (Grant Thornton) and adoption of the 2016/17 Strategic Internal Audit Plan.

CARRIED 6:0

4.2 Performance Audit Reports - External Agencies

Charter Reference: 9.9.3

Author's Title: Coordinator Governance & Procurement

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/944

Appendix:

1. Audit and Risk Committee - September 2016 - Performance Audit Reports - External Bodies (D16/79945)

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 present the various external agencies Performance Audit Reports and identify any learnings for Council. Full copies of the 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 identify any learnings for Council.

Action:

- Next review of ARC Charter to take recommendations from VAGO report in relation to Audit Committees for consideration when next completed.
- Note in Committee Work Plan as a reminder.

Committee Resolution

MOVED Mr John Gavens, Seconded Cr Margot Smith

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

CARRIED 6:0

5. FINANCIAL REPORTS

5.1 End of Financial Year Presentation

Charter Reference: 9.6

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/1034

Appendix:

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 present the End of Financial Year to the Audit and Risk Committee.

Recommendation

That the Audit & Risk Committee note and receive the End of Financial Year Presentation.

Meeting Discussion

Chair thanked the Finance Manager and team.

Committee Resolution

MOVED Ms Debra Russell, Seconded Ms Melissa Field

That the Audit & Risk Committee note and receive the End of Financial Year Presentation with changes noted.

CARRIED 6:0

5.2 Annual Financial Statements 2015-16

Charter Reference: 9.6.5

Author's Title: Manager Finance

General Manager: Anne Howard

Department: Finance

File No: F15/992

Division: Governance & Infrastructure

Trim No: IC16/1035

Appendix:

1. Surf Coast Shire Council Financial Statements 2015 - 2016 (D16/84110)

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 annual financial accounts for the year ended 30 June 2016 are being prepared by Council officers for review by the Victorian Auditor-General's appointed auditors, VAGO during the week commencing 15 August 2016. The financial statements are consistent with the model accounts endorsed by the Auditor-General's Office.

Section 132 of the Local Government Act (the Act) requires Council to approve in principle the Financial Statements prior to submission to the Auditor-General for final review. In accordance with the Act and industry best practice, the Committee is required to review the statements prior to making a recommendation to Council to adopt in principle. Council's Manager Finance will provide a brief overview of Council's financial accounts. It is anticipated that VAGO will be in a position to provide the Committee with feedback at the meeting on the statements from the Auditor-General's Office. Council officers propose to forward the signed in principle statements to the Auditor-General for final review and sign off following the Council Meeting scheduled on 13 September 2016.

Recommendation

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2015 - 2016 Financial Statements, subject to further adjustments required by Council's auditor, in accordance with Section 132 of the Local Government Act 1989.
2. Authorise two Councillors to sign the 2015 - 2016 Financial Statements in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2015 - 2016 Financial Statements to be referred back to the Council if there are significant changes prior to signing.
4. Require that any minor changes to the 2015 - 2016 Financial Statements be reviewed by the two authorised Councillors prior to signing.

Meeting Discussion

Performance Statement 2015-16 supported by VAGO as valid.

Lack of consistency in accounting for Community Chef shares across Council - (VAGO to take up).

Consider explaining Page 14 – Annual Financial Report

- Shorthand comments - could be explained further. More narrative rather than lists.
- Capital/Operating – treatment budget v treatment statements.
- Difference between actual and budget.

Comments for Noting:

- John Brockway to look at notes on page 14 to consider increase narrative. (note for next year)
- Page 16 - note 10, Did 'no' meet should be did 'not'.
- Page 22- Note 17 – Council to discuss presentation of this with external auditor in relation to working capital related to current projects.
- Page 38 – note 34, change from salary 'information' to 'inflation'
- Calculation of ratios
- Include note relating to revaluation of roads to explain 4 years since last valuation.

5.2 Annual Financial Statements 2015-16

Committee Resolution

MOVED Mr John Gavens, Seconded Ms Melissa Field

That the Audit & Risk Committee:

1. Adopt 'in principle' the 2015 - 2016 Financial Statements, subject to further adjustments required by Council's auditor, in accordance with Section 132 of the Local Government Act 1989.
2. Recommend two Councillors sign the 2015 - 2016 Financial Statements in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2015 - 2016 Financial Statements to be referred back to the Council if there are significant changes prior to signing.
4. Require that any minor changes to the 2015 - 2016 Financial Statements be reviewed by the two authorised Councillors prior to signing.

CARRIED 6:0

5.3 Surf Coast Shire Performance Statement 2015 - 2016

Charter Reference: 9.9.3

Author's Title: Coordinator Corporate Planning **General Manager:** Anne Howard

Department: Governance & Risk **File No:** F16/145

Division: Governance & Infrastructure **Trim No:** IC16/936

Appendix:

1. Surf Coast Shire Performance Statement 2015 - 2016 - Draft (D16/61587)

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 the second Surf Coast Shire Council Performance Statement 2015 – 2016 against the Local Government Performance Reporting Framework, prepared in accordance with the Local Government (Planning and Reporting) Regulations 2014, dated 15 April 2014.

Background

The Victorian Government established the LGPRF in 2014 to ensure that all councils are measuring and reporting on their performance in a consistent way. The need for a new performance reporting framework for Victorian councils arose in part out of the Victorian Auditor-General's observation that performance reporting in local government had limited relevance to ratepayers because it lacked information about the quality of council services, the outcomes being achieved and how these related to councils' strategic objectives.

1. The primary objective of the LGPRF is to provide comprehensive performance information that meets the needs of a number of audiences. In meeting this objective:
 - a) councils will have information to support strategic decision-making and continuous improvement
 - b) communities will have information about council performance and productivity
 - c) regulators will have information to monitor compliance with relevant reporting requirements
 - d) state and federal governments will be better informed to make decisions that ensure an effective, efficient and sustainable system of local government.
2. The data generated by the LGPRF can also provide an incentive to improve the performance of local government services by:
 - a) enhancing measurement approaches and techniques
 - b) helping councils identify where there is scope for improvement and
 - c) promoting greater transparency and informed debate about comparative performance.
3. Scope of the LGPRF
To provide a comprehensive picture of council performance the following four indicator sets have been developed:
 - a) service performance,
 - b) financial performance,
 - c) sustainable capacity, and
 - d) governance & management

These indicator sets have been developed across three thematic areas:

- service performance,
- financial performance and
- sustainability

4. The 2015 - 2016 financial year is the second where all Victorian Councils have been required to prepare their Performance Statement in accordance with the Local Government Performance Reporting Framework.

5.3 Surf Coast Shire Performance Statement 2015 - 2016

Recommendation

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2015 - 2016 Performance Statement, subject to further adjustments required by Council's auditor, in accordance with Section 132 of the Local Government Act 1989.
2. Authorise two Councillors to sign the 2015 - 2016 Performance Statement in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2015 - 2016 Performance Statement to be referred back to the Council if there are significant changes prior to signing.
4. Require that any minor changes to the 2015 - 2016 Performance Statement be reviewed by the two authorised Councillors prior to signing.

Meeting Discussion

Points for noting:

- Page 216 - Governance Satisfaction - comment does not explain variance – consider inclusion of an explanation.
- Page 217 - Maternal Child Health Participation – remove 0% and add N/A.
- Page 219 - Rates figure \$2012.28
- Page 219 – Remove 0% in turnover - add N/A

Committee Resolution

MOVED Mr John Gavens, Seconded Ms Debra Russell

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2015 - 2016 Performance Statement, subject to further adjustments required by Council's auditor, in accordance with Section 132 of the Local Government Act 1989.
2. Authorise two Councillors sign the 2015 - 2016 Performance Statement in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2015 - 2016 Performance Statement to be referred back to the Council if there are significant changes prior to signing.
4. Require that any minor changes to the 2015 - 2016 Performance Statement be reviewed by the two authorised Councillors prior to signing.

CARRIED 6:0

5.4 Victorian Auditor General's Office (VAGO) Update

Charter Reference: 9.1.2

Author's Title: Team Leader Governance

Department: Governance & Risk

Division: Governance & Infrastructure

Appendix:

General Manager: Anne Howard

File No: F16/145

Trim No: IC16/778

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 a verbal update from the External Auditors (VAGO) on the audit strategy.

Recommendation

That the Audit & Risk Committee receive and note the External Auditors (VAGO) update.

Meeting Discussion

- VAGO expecting confirmations soon.
- In a position to sign off on financial and performance statements.
- No issues identified through audit of purchase system following exposure of system. New controls in place.
- Revaluation work completed.
- Management Letter explained
- Performance Statements – Looked at controls and appropriate figures and comments.
- VAGO noted the professionalism and hard work of the Finance team.

Actions:

Three items identified in the Management Letter to be added to outstanding issues and actions report as follows:

- Policy fixed assets
- Purchase orders
- Review of payroll changes.

Committee Resolution

MOVED Mr John Gavens, Seconded Cr Brian McKiterick

That the Audit & Risk Committee receive and note the External Auditors (VAGO) update and Management Letter.

CARRIED 6:0

6. OTHER REPORTS

6.1 Policy Matrix

Charter Reference: 9.7.4

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/919

Appendix:

1. Policy Review Matrix for Audit and Risk Committee (D16/83254)

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

At the February 2016 Audit and Risk Committee meeting members identified a list of policies for their review and requested that Council develops a summary of these with their review dates etc. This information has been updated and has been provided in the attached spreadsheet.

The policy review dates have been incorporated into the Committee Work Plan for 2016/17.

Recommendation

That the Audit & Risk Committee notes the Policy Review Schedule.

Action:

Add Asset and Depreciation policy to ARC matrix and Committee Work Plan.

Committee Resolution

MOVED Cr Margot Smith, Seconded Ms Debra Russell

That the Audit & Risk Committee notes the Policy Review Schedule.

CARRIED 6:0

6.2 SCS-005 Strategic Asset Management Policy

Charter Reference: 9.7.4

Author's Title: Strategic Asset Manager

General Manager: Anne Howard

Department: Asset Management

File No: F11/811

Division: Governance & Infrastructure

Trim No: IC16/935

Appendix:

1. SCS-005 Strategic Asset Management (D16/79232)

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 present a revised Strategic Asset Management Policy to the Audit and Risk Committee for comment prior to its presentation to Council for endorsement.

Recommendation

That the Audit & Risk Committee:

1. Note that they have received the revised Strategic Asset Management Policy
2. Provide any comments regarding the revised Strategic Asset Management Policy to Council

Action:

Item not discussed. Audit and Risk Committee to provide comments to the Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee:

1. Note receipt of the revised Strategic Asset Management Policy
2. Provide any comments regarding the revised Strategic Asset Management Policy to Council

CARRIED 6:0

6.3 SCS-025 Capital Works Community Engagement Policy

Charter Reference: 9.7.4

Author's Title: Manager Program Management Office **General Manager:** Kate Sullivan

Department: Program Management Office **File No:** F15/849

Division: Environment & Development **Trim No:** IC16/967

Appendix:

1. SCS-025 Capital Works Community Engagement Policy (D15/65172)

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 present a revised Capital Works Community Engagement Policy to the Audit and Risk Committee for comment prior to its presentation to Council for endorsement.

Recommendation

That the Audit & Risk Committee:

1. Note receipt of the revised Capital Works Community Engagement Policy
2. Provide any comments regarding the revised Capital Works Community Engagement Policy to Council

Meeting Discussion

Item not discussed. Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee:

1. Note receipt of the revised Capital Works Community Engagement Policy
2. Provide any comments regarding the revised Capital Works Community Engagement Policy to Council

CARRIED 6:0

6.4 SCS-014 Workplace Health and Safety Policy

Charter Reference: 9.7.4

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/921

Appendix:

1. SCS-014 Workplace Health and Safety Policy - ARC Meeting September 2016 (D16/77654)

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 present Council Policy SCS-014 Workplace Health and Safety for the Audit & Risk Committee's review, as per the current Audit and Risk Committee Work Plan.

The policy is also reviewed each year by management as part of accreditation to ANZ 4801 and 18001. Following the most recent review no changes are recommended at this time.

Recommendation

That the Audit & Risk Committee receive and note the SCS-014 Workplace Health and Safety Policy and provide any comments for consideration.

Action:

- Feedback to be provided to WHS Coordinator that Section 8 Information Privacy Act 2000(VIC) to be updated with new Act 2014.
- Item not discussed. Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee receive and note the SCS-014 Workplace Health and Safety Policy and provide any comments for consideration.

CARRIED 6:0

6.5 MPP 009 Business Continuity Procedure

Charter Reference: 9.7.4

Author's Title: Coordinator Risk Management & Legal Services
General Manager: Anne Howard

Department: Governance & Risk
File No: F12/1538

Division: Governance & Infrastructure
Trim No: IC16/946

Appendix:

1. MPP 009 Business Continuity Procedure v6 Draft (D16/66214)

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 provide Committee members an opportunity to consider and comment on the content and changes to the Business Continuity Procedure.

Key changes to the Business Continuity Procedure include:

1. Updating the business interruption and recovery plans to reflect current work practices – section 6.2.
2. Updating the roles and responsibilities – attachment 1.
3. Removing original business interruption risks – attachment 2.
4. Updating the risk matrix – attachment 3.
5. Updating the business interruption and recovery plans to reflect current work practices.

Recommendation

That the Audit & Risk Committee:

1. Note the MPP 009 Business Continuity Procedure has been reviewed and updated.
2. Make recommendations for continuous improvement to the procedure.

Meeting Discussion

Item not discussed. Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee:

1. Note the MPP 009 Business Continuity Procedure has been reviewed and updated.
2. Make recommendations for continuous improvement to the procedure.

CARRIED 6:0

6.6 Audit and Risk Committee Annual Report 2015/16

Charter Reference: 9.9.5

Author's Title: Manager Governance & Risk

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/907

Appendix:

1. Draft Audit and Risk Committee Annual Report 2015-16 (D16/80071)

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 present the Audit and Risk Committee's Annual Report 2015/16 for approval before presentation to Council.

The report will be updated with the Committee survey results, if this approach is approved by the Committee.

Recommendation

That the Audit & Risk Committee approves the 2015/16 Annual Report for presentation to Council at the next available Council meeting.

Meeting Discussion

Update report to reflect that Cr Margot Smith and Cr Brian McKitterick term expires 21 October 2016.

Committee Resolution

MOVED Mr John Gavens, Seconded Cr Brian McKitterick

That the Audit & Risk Committee approves the 2015/16 Annual Report for presentation to Council at the next available Council meeting.

CARRIED 6:0

6.7 Committee Self-Assessment Questionnaire

Charter Reference: 9.10.3

Author's Title: Coordinator Governance & Procurement

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/938

Appendix:

1. 2016 Questionnaire - Assessing the effectiveness of the Audit & Risk Committee - Results Analysis (D16/80061)

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 present the results of the annual Audit and Risk Committee Self-Assessment Questionnaire.

Recommendation

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

Action:

- Consider review of remuneration for this Committee and establish figures for other Council payments as a benchmark.
- Page 278 Training – Suggested the ARC Chair take on responsibility for the new Councillors' induction to Audit and Risk Committee

Committee Resolution

MOVED Cr Margot Smith, Seconded Mr John Gavens

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

CARRIED 6:0

6.8 Fraud Prevention Strategies and Programs

Charter Reference: 9.8.1

Author's Title: Manager Governance & Risk

General Manager: Anne Howard

Department: Governance & Risk

File No: F14/203

Division: Governance & Infrastructure

Trim No: IC16/910

Appendix:

1. Fraud and Corruption Control Checklist (D15/70558)

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 update in relation to fraud prevention strategies and programs, including training and development, and to update progress against the Fraud and Corruption Control Plan measures.

Report

The Surf Coast Shire Council (SCSC) has a robust ethical culture and prides itself on setting a high benchmark for fraud control and ethical work practices. SCSC has a Fraud Policy Statement which clearly articulates a zero tolerance stance in respect to dishonest or fraudulent behaviour, and underlines the Council's strong commitment to reducing the risk and incidence of fraud across its operations.

| Strategy/ Program | General Update | Progress |
|----------------------------|---|---|
| Fraud and Corruption Plan | The purpose of the Plan is to confirm Council's non tolerance of fraudulent behaviour, provide all Councillors and staff a clear understanding of their responsibilities in regard to fraud control and guidance in relation to establishing a culture of proactive control, prevention, detection and response to fraud and corruption risks at Council. | The Plan is due for review in 2017. |
| Staff Code of Conduct | This is a first reference point and guide for all matters involving conduct and ethics and is intended to raise awareness amongst staff and contractors to enhance their understanding of their roles and responsibilities. | An updated Staff Code of Conduct was adopted in January 2016 |
| Councillor Code of Conduct | The Councillor Code of Conduct sets out the standards of behaviour required by Councillors and explains the mechanisms for dealing with any alleged breaches of the Code, including internal and external routes. All Councillors have signed up to the Code and have received a copy their signed version. | The Councillor Code of Conduct was reviewed by the Audit and Risk Committee, ARC and adopted by Council in May 2016 as per legislation. A further review is necessary within 4 months of the new Council being elected. |

6.8 Fraud Prevention Strategies and Programs

| Strategy/ Program | General Update | Progress |
|-----------------------------------|--|---|
| Reporting | <p>Staff are encouraged to report fraudulent activity during fraud training and at their induction.</p> <p>A process is in place to direct investigation of such complaints which could include internal or external investigation/reporting.</p> <p>Processes to protect those making protected disclosures are also in place.</p> | <p>A fraud checklist (copy attached) had been circulated to Managers in July 2016.</p> <p>The majority of Managers submitted nil returns, however, the following were reported:</p> <p>(a) One contractual dispute currently being rectified. Mediation is in progress.</p> <p>(b) Council's purchasing system is currently under review and auditors engaged to review payments following discovery of a glitch in the system that could lead to fraud exposure.</p> <p>(c) One query from the Privacy and Data Protection Commissioner's office in relation to privacy of an individual which was answered.</p> |
| Council's Fraud Control Policy | <p>Fraud Control Policy and Procedure. This was developed with reference to the Australian Standard on Fraud and Corruption Control (AS 8001 – 2008).</p> <p>The Fraud Control Policy and Procedure covers:</p> <ul style="list-style-type: none"> Application Definitions Roles and Responsibilities Education and Awareness Control Planning Prevention Detection Response. | <p>The policy was reviewed by the Audit and Risk Committee and Policy Review Sub-Committee and will be presented to Council for adoption at the meeting on 23 August.</p> |
| Fraud and Corruption Control Plan | <p>The Plan builds upon that work utilising the Commonwealth Fraud Control Guidelines 2011, AS/NZS ISO 31000 (2009) Risk Management – Principles and Guidelines, AS8001-2008 Fraud and Corruption Control.</p> <p>Council's key fraud and corruption control measures are as follows:</p> <p>Fraud and Corruption Control Plan. This was approved in August 2014 and identified Council's fraud risk areas using the risk matrix likelihood/consequence ratings. Risk Register. Fraud risks were transferred from the Fraud Plan by Managers into the risk register with the relevant treatment plans assigned. Managers continue to</p> | <p>Due for review in 2017.</p> |

6.8 Fraud Prevention Strategies and Programs

| | | |
|-----------------------------|--|---|
| | <p>review those risks and the effectiveness of treatment plans and are prompted by the PAN system to do so (serious – at least monthly, high risk – at least 3 monthly, medium risk – at least 6 monthly and low risk – annually)</p> <p>KPIs were also set for each risk area to allow measurement of any resultant fraudulent activity. In order to check the effectiveness of the controls, treatments and monitoring of KPIs, a questionnaire was sent out to managers at the end of the financial year requesting statistics relating to various types of fraud that may have occurred in their areas over the previous 12 months. This produced a nil return for FY14-15 and will be sent out again in July for the FY15-16 results.</p> | |
| Fraud awareness training | <p>Training is currently provided to all new staff as part of their corporate induction. The Governance team developed a fraud awareness training package which includes a conflict of interest training module. This is being rolled out to staff.</p> | <p>To date, 55 staff members have received the training which is ongoing.</p> <p>Currently investigating an online version of this training through Council's i-Learn system to maximise coverage.</p> |
| Protected Disclosure Policy | <p>The Protected Disclosure Policy, which provides a mechanism to report fraudulent activity, was reviewed in light of the IBAC audit, and the updated, more user-friendly version communicated to the organisation via email and the Shire Wire.</p> <p>A copy is also available on the website for the community, along with guidelines.</p> <p>There have been no protected disclosures relating to Council in the previous 12 month period.</p> | <p>Council's policy and guidelines were adopted in 2014 and remain current.</p> |
| Procurement | <p>A centre-led model has been introduced and work continues to standardise templates, develop training resources and check processes to ensure compliance and transparency. Council's Procurement Policy is reviewed every financial year. Conflict of interest declarations are a standard requirement during the tendering process.</p> | <p>Council recruited a Procurement and Contracts Officer in May 2016 and is continuing to work on standardising templates and develop training resources for staff.</p> <p>Council is also working with the MAV LEAP program to identify efficiencies and savings in its operations. A workshop was held on 18 August 2016 to study the dashboard data with key stakeholders and to move forward with the Procurement Plan for Council.</p> |

6.8 Fraud Prevention Strategies and Programs

| | | |
|--------------------------------|--|---|
| Internal Controls | Council has a number of internal controls and audit functions in place to minimise the opportunity for fraud to take place. These include separation of duties in Finance, spending limits, cash handling procedures, authorisation processes, checking mechanisms, checklists, delegations of authority, access controls, passwords, internal and external audit. | Controls relating to purchasing were found to be inadequate and posed a fraud risk. This was addressed through implementation of a manual process which now prevents changes to the purchase order following authorisation. |
| Use of Equipment and Resources | <p>An internal audit was completed last year following the release of IBAC's 2015 report into corrupt conduct at council depots. The strengths identified in Council's report were as follows:</p> <ul style="list-style-type: none"> • Depot staff work in compliance with the policies and procedures of Council (procurement, Gifts and Benefits and Codes of Conduct) or sought assistance, when unsure of any responsibility or work they were required to complete; • No gifts acceptance policy. • Council policy in place disallowing all staff to use Council equipment for their own personal use. • Installing additional CCTV cameras in the remote parts of the Works Depots that are monitored and has the capability to store footage for 60 days. • Reconciliation of fuel card reports and usage details to identify significant over and under consumption of fuel. | Small plant and equipment is being barcode labelled and a register developed. |

Recommendation

That the Audit & Risk Committee notes the Fraud Prevention Strategies and Programs report.

Meeting Discussion

Item not discussed Audit and Risk Committee to provide any comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee notes the Fraud Prevention Strategies and Programs report.

CARRIED 6:0

6.9 Legislative Update

Charter Reference: 9.7.3

Author's Title: Manager Governance & Risk

General Manager: Anne Howard

Department: Governance & Risk

File No: F15/194

Division: Governance & Infrastructure

Trim No: IC16/900

Appendix:

1. Act for the Future - LG Act Summary (D16/74660)

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 a legislative update to Audit and Risk Committee members.

Recommendation

That the Audit & Risk Committee notes the legislative update as presented.

Action:

- Suggest inclusion of a comment expressing opposition to proposed changes in ARC responsibilities in Council's submission to the Local Government Act review.
- Item not discussed Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.
- Noted Council's Code of Conduct is compliant with legislative requirements.

Committee Resolution

MOVED Cr Margot Smith, Seconded Cr Brian McKiterick

That the Audit & Risk Committee notes the legislative update as presented.

CARRIED 6:0

| Legislation | Update | Council Response |
|------------------|---|--|
| IBAC Legislation | <p>The <i>Integrity and Accountability Legislation Amendment (A Stronger System) Bill 2015</i> makes a number of changes to the <i>Independent Broad-based Anti-corruption Commission Act 2011</i> (the Act) which are aimed at strengthening Victoria's accountability and integrity systems and to support IBAC in the detection and investigation of allegations of corruption and misconduct in the public sector. Most of these changes came into effect on 1 July 2016.</p> <p>A new requirement for Principal Officers of public bodies, including Council CEOs, to mandatorily notify IBAC of suspected corrupt conduct will come into effect on 1 December 2016.</p> <p>The key amendments in the IBAC legislation include:</p> <ul style="list-style-type: none"> • Expanding the definition of corruption (to now include adversely affecting the effective performance of a public officer) • Introducing "misconduct in public office" as an offence within IBAC's investigative jurisdiction • Formalising preliminary inquiry powers (conduct preliminary inquiries into a matter before deciding whether to investigate) • Lowering IBAC's investigation threshold (IBAC can "suspect on reasonable grounds" that the conduct constitutes corrupt conduct") | Council will ensure compliance with the new legislation and provide feedback to IBAC on the development of guidelines for mandatory reporting. |

6.9 Legislative Update

| | <ul style="list-style-type: none"> Introducing non-publication orders (to protect the identity and safety of witnesses). <p>For further information please follow the link below: http://www.ibac.vic.gov.au/news-and-features/article/ibac-is-changing</p> | |
|---|---|---|
| Legislation | Update | Council Response |
| Local Government Act Review | <p>State government is currently reviewing the Local Government Act and has drafted a directions paper for consideration by the sector and community. Submissions are invited up to 16 September 2016.</p> <p>The proposed changes are wide ranging and a summary is attached at Appendix 1. A more detailed paper can be accessed by following the link below: http://www.yourcouncilyourcommunity.vic.gov.au/DirectionsPaper</p> <p>In relation to areas of interest to the Audit and Risk Committee the following specific changes are proposed;</p> <p>Requiring the audit and risk committee to monitor and report on a council's performance against the remuneration policy.</p> <p>Requiring all councils to establish an audit and risk committee with a mandatory oversight of:</p> <ul style="list-style-type: none"> the integrated strategic planning and reporting framework and all associated documents financial management and sustainability financial and performance reporting risk management and fraud prevention internal and external audit compliance with council policies and legislation service reviews and continuous improvement collaborative arrangements the internal control environment. <p>Requiring the audit and risk committee to report to the council biannually and require each council to table the biannual audit and risk committee report at a council meeting.</p> <p>Requiring the audit and risk committee to review compliance with the procurement policy and require a council to report in its annual report any non-compliance with its procurement policy.</p> <p>Requiring the audit and risk committee to review compliance with the investment policy and require a council to report any non-compliance with its investment policy in its annual report.</p> <p>Requiring the audit and risk committee to review compliance with the debt policy and require a council to report any non-compliance with its debt policy in its annual report.</p> <p>The updated Act is expected to be implemented in late 2018.</p> | <p>Council is preparing an organisation response which has involved consideration by key staff, the leadership group, attendance at LG sessions by senior management and briefing of Councillors.</p> <p>The final submission will be presented to Council at their meeting on 13 September in time for the 16 September deadline.</p> <p>Council's response in relation to proposals regarding ARC responsibilities indicates that these are not supported by Council.</p> |
| Local Government (Electoral) Regulations 2016 | <p>The new Regulations include an extension of the date for receipt of postal votes by five working days, which pushes the date for declaration of results out to early November.</p> <p>Other parts of the Regulations relate more to the VEC and their conduct of the election.</p> | <p>Council has adjusted the election timetable to take the changes into consideration.</p> <p>Declaration of results has therefore been scheduled for 2</p> |

6.9 Legislative Update

| | | November to align with the change. |
|--|--|---|
| Legislation | Update | Council Response |
| <p>Caretaker Period</p> | <p>Council will enter the election (caretaker) period on 20 September until the election on 22 October.</p> <p>Restrictions apply during this period to decision making, holding of Council events, use of resources, equal treatment of candidates (whether Councillors or not), certification of publications/advertisements to ensure they do not contain electoral matter, Councillor speeches, ensuring candidates have equal access to Council information etc.</p> | <p>Council has rescheduled the late September Council meeting to 13 September, before the caretaker period.</p> <p>The following policies and procedures have been adopted and communicated:</p> <ul style="list-style-type: none"> • Election (caretaker) Policy • Election (caretaker) Management Procedure • Caretaker period factsheet • Certification of publications procedure. |
| <p>Local Government Amendment (Improved Governance) Act 2015</p> | <p>Council Elections - further sections of this Act which will come in force for the include:</p> <ul style="list-style-type: none"> • Confirming the VEC as the statutory election body to conduct the election and the compulsory voting prosecutions. • Ending the requirement for an 'exhibition' voters' roll. • Requiring candidates to be enrolled on the voters' roll at the time of nomination. • Requiring candidates to nominate in person. • Disqualifying candidates who are prohibited from managing a corporation. • Providing the returning officer to reject the nomination of a disqualified candidate. <p>Recent media coverage reported the potential disqualification of 107 Councillors in Victoria arising from defects in the adoption of revised Codes of Conduct and/or witnessed declarations that Councillors will abide by the revised Codes of Conduct.</p> <p>The result was that administrators may have been appointed to at least 13 Councils from 1 September until the general election on 22 October 2016.</p> <p>The State Government has now introduced the <i>Local Government Amendment Bill 2016 (Bill)</i> into the Victorian Parliament, which was read for a second time on 17 August.</p> <p>The Bill will, if passed, repeal s 76C(1) of the <i>Local Government Act 1989 (Act)</i> which removes the requirement for councils to amend their Codes of Conduct within four months of the commencement of the amended s 76C. In turn, it removes the requirement for Councillors to make the witnessed declaration</p> | <p>Council is working with the VEC to coordinate the election and associated processes.</p> <p>Council cooperated with the Inspectorate's audit and was fully compliant with the requirements of the Act.</p> |

6.9 Legislative Update

| | | |
|--|--|--|
| | <p>within one month of the adoption of the revised Codes of Conduct.</p> <p>Upon assent to and commencement of the Bill, the defects mentioned above will cease to exist and the affected Councillors will be entitled to continue as Councillors until the general election.</p> <p>Following the election all Councils will be required to adopt revised Codes of Conduct within four months of the general election (ie. before 22 February 2017) and Councillors will be required to make the witnessed declaration that they will abide by the Code of Conduct within one month of adoption.</p> <p>A failure to do so will result in Councillors being disqualified, in accordance with the new s29(1) of the Act.</p> | <p>Review of the Cr Code of Conduct is scheduled to commence with presentation to the November 2016 Audit and Risk Committee meeting, as per the 16/17 Workplan.</p> |
|--|--|--|

6.10 Council Controls relating to Councillor Costs

Charter Reference: 6.1.2

Author's Title: Coordinator Governance & Procurement

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/894

Appendix:

1. Council Controls relating to Councillor Costs - Audit and Risk Committee Meeting September 2016 (D16/74120)

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 present the controls put in place by Council management to manage Councillor costs as requested at the May Audit & Risk Committee meeting.

Report

Under section 75B of the *Local Government Act 1989* Councils are required to have a Councillor Entitlements and (Reimbursement) Expenses Policy.

The Act further defines the respective roles and responsibilities of a Mayor and Councillors and reinforces that they act honestly, avoid conflicts of interest, respect confidentiality and use due care and diligence in performing their day to day official obligations. Councils are obliged under the Act to have a code of conduct to which all councillors must strictly adhere.

The Councillor Code of Conduct and the Councillor Entitlements (Expenses and Facilities) policy provides an overview to Councillors of their individual responsibilities as an elected representative of the community. The various entitlements and reimbursement expenses paid to Councillors together with the cost of related services and resources are managed by Council management through the above code of conduct and policies.

Appendix 1 sets out the controls Council has in place to manage Councillor costs.

Recommendation

That the Audit & Risk Committee notes the controls in place to manage Councillor Costs.

Meeting Discussion

Item not discussed. Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee notes the controls in place to manage Councillor Costs.

CARRIED 6:0

6.11 Compliance Checklist

Charter Reference: 9.7.2

Author's Title: Manager Governance & Risk

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/905

Appendix:

1. Draft Compliance Checklist - pdf (D16/76065)

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 present a draft compliance checklist for Audit and Risk member feedback.

The development of a compliance checklist which could be sent out periodically for management feedback was discussed at the Audit and Risk Committee meeting in May 2016.

A draft has been developed which incorporates advice received out of session from members. This is attached at Appendix 1 and submitted for comment.

Once adopted it is proposed that this checklist will be sent out for completion by Managers for reporting back to EMT and the Audit and Risk Committee.

Recommendation

That the Audit & Risk Committee notes the draft compliance checklist as presented.

Meeting Discussion

Item not discussed. Audit and Risk Committee to provide comments to Manager Governance and Risk, Wendy Hope, via email.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee notes the draft compliance checklist as presented.

CARRIED 6:0

7. ADMINISTRATIVE MATTERS

7.1 Next Meeting & Proposed Agenda Outline

Charter Reference: 9.10.4

Author's Title: Team Leader Governance

General Manager: Anne Howard

Department: Governance & Risk

File No: F16/145

Division: Governance & Infrastructure

Trim No: IC16/749

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

The next meeting is scheduled to be held on **Thursday, 29 November 2016 from 9.00 – 11.30am.**

The proposed Agenda outline for this meeting is as follows:

- Chief Executive Officer's Update
- Outstanding Issues & Actions
- Presentations
- Business Improvement Update
- Financial Reports
 - Monthly Finance Report
- Risk Management
 - Enterprise Risk Management Report
 - Workplace Health and Safety – including attendance by Manager People and Culture to discuss reporting.
 - Program Management Report
- Audit Reports
 - Internal Auditors Update (Grant Thornton) *(include annual assessment of internal audit performance)*
 - External Audit Update (VAGO)
 - Performance Audit Reports – External Bodies
- Other Reports
 - SCS-002 Councillor Code of Conduct
 - SCS-009 Infrastructure Special Rate and Charge Scheme
 - Review Audit Committee Charter
- Administrative Matters
 - Next Meeting Date & Proposed Agenda

Recommendation

That the Audit & Risk Committee note the proposed agenda outline for the next meeting to be held on Thursday, 29 November 2016 from 9.00 – 11.30am.

Meeting Discussion

Noted the inclusion of briefing on WHS report by Manager People and Culture for the November agenda.

Committee Resolution

MOVED Cr Brian McKiterick, Seconded Cr Margot Smith

That the Audit & Risk Committee note the proposed agenda outline and the date of the meeting is to be arranged.

CARRIED 6:0

Close: There being no further items of business the meeting closed at 11.44am.