



Appendix 1

6.2 Audit & Risk Committee Meeting Minutes 6 December 2021

*Audit & Risk Committee Meeting Minutes
6 December 2021*

Ordinary Meeting of Council

Wednesday 15 December 2021 at 7:00pm

Queenscliff Town Hall



Minutes

Audit and Risk Committee Meeting

Monday 6 December 2021 at 3:30 pm
Queenscliff Town Hall

Distribution

Members

Mr Roland 'Barney' Orchard

Mr Richard Bull

Mr Graeme Phipps

Ms Helen Butteriss

Cr Ross Ebbels

Cr Susan Salter

Cr Fleur Hewitt

Officers

Martin Gill, Chief Executive Officer

Gihan Kohobange, Manager Financial and Corporate Services

Invitees

Internal Audit Provider: HLB Mann Judd

Mark Holloway, Engagement Partner

Kundai Mtsambiwa, Manager Audit & Assurance

Irene Hills Jones, Assistant Manager Audit & Assurance



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Appendices

Appendix 1	Agenda Item 4.1 Minutes of the Audit and Risk Committee Meeting 6 September 2021	Issued 10 September 2021
Appendix 2	Agenda Item 5.2 Internal audit review report - Review of Statutory Planning Process	Under separate cover
Appendix 3	Agenda Item 5.3 Internal audit review scope – Review of Rates Revenue (incl. data interrogation)	Under separate cover
Appendix 4	Agenda Item 6.1 External Audit 2020–21 Closing Report and 2020–21 Final Management Letter	Under separate cover
Appendix 5	Agenda Item 7.2 Minutes of Risk and Governance Committee (meetings held between September 2021 to November 2021)	Under separate cover
Appendix 6	Agenda Item 8.2 Draft Risk Management Framework	Under separate cover
Appendix 7	Agenda Item 8.3 Draft Strategic Risk Register	Under separate cover
Appendix 8	Agenda Item 10 ICT Architecture Strategy Implementation - Project Governance and Scope Document	Under separate cover
Appendix 9	Agenda Item 10 New Organisational Structure	Under separate cover
Appendix 10	Agenda Item 10 Council Planning Digital Survey	Under separate cover
Appendix 11	Agenda Item 11 Draft Annual Work Plan	Under separate cover
Appendix 12	Agenda Item 12 Confirmation email of ARC member’s coverage under Council and Officers liability insurance	Under separate cover



1. OPENING OF MEETING

The Chair, Mr Roland 'Barney' Orchard, opened the meeting at 3:34pm. He welcomed Cr Fleur Hewitt as a new member of the Audit and Risk Committee.

2. PRESENT & APOLOGIES

Present:

Mr Roland 'Barney' Orchard

Mr Richard Bull

Mr Graeme Phipps

Ms Helen Butteriss

Cr Ross Ebbels

Cr Fleur Hewitt

Martin Gill, Chief Executive Officer

Gihan Kohobange, Manager Finance and Corporate Services

Adam Pendlebury, Business Services Accountant

Mark Holloway, Engagement Partner, HLB Mann Judd (internal audit provider) (until 4:04pm)

Irene Hills Jones, Assistant Manager Audit and Assurance, HLB Mann Judd (internal audit provider) (until 4:04pm)

Anna Handberg, Business Systems, ICT Services Coordinator (until 4:40pm)

Abbey Tatterson, Business Operations Co-ordinator (minutes)

Apologies:

Cr Susan Salter

Kundai Mtsambiwa, Manager Audit & Assurance, HLB Mann Judd (internal audit provider)

3. PECUNIARY INTEREST & CONFLICT OF INTEREST DISCLOSURES

Independent Members: nil

Councillors: nil

Officers: nil

Personal Interests Returns

Committee members will be aware that under the *Local Government Act 1989* they were required to lodge regular interest returns in which they disclose particular types of interests, including properties owned in the municipality, offices held and companies in which they own shares.

Under the *Local Government Act 2020*, these returns have been expanded somewhat and are now called Personal Interests Returns. Councillors and nominated officers must complete an initial



return and then a biannual return while holding that office. However, under the new Act it is not mandatory for independent members of Audit and Risk Committees to complete an initial and then biannual personal interests return.

As a Committee we may wish to consider whether good governance best practice requires independent members to complete a Personal Interests Return. Note a summary of Personal Interests Returns will be published on Council's website and be available for public inspection, as per the requirements of the *Local Government Act 2020*.

Recommendation:

That the independent members of the Audit and Risk Committee complete an initial Personal Interests Return within 30 days of this meeting, and a biannual return thereafter in March and September of each year so long as the individual remains a member of the Audit and Risk Committee.

Moved: Graeme Phipps / Seconded: Helen Butteriss

**That the independent members of the Audit and Risk Committee complete a biannual Personal Interest Return as the individual remains a member of the Audit and Risk Committee
That the Audit and Risk Committee accept responsibility to declare at any time a conflict of interest that would affect their judgement in the work they do for the Borough of Queenscliffe.**

Carried



4. AUDIT AND RISK COMMITTEE MEETING MINUTUES

4.1 Confirmation of Minutes from Audit and Risk Committee Meeting 6 September 2021 (Appendix 1)

Moved: Richard Bull / Seconded: Helen Butteriss

That the Minutes of the Audit and Risk Committee Meeting held on Monday 6 September 2021 be confirmed.

Carried

4.2 Business Arising from Audit and Risk Committee Meeting 6 September 2021.

Item	Action	Status
<u>December 2019</u> 9. Review of Council Policies	CP023 Information Technology will be further reviewed following Council’s ICT strategy review.	Votar Partners Pty Ltd has issued the final report on the IT strategy review. Council has allocated funds in the 2021–22 draft budget for a new corporate system. ICT policy to be reviewed based on the new corporate system and other proposed changes to ICT resources of the Borough.
<u>September 2021</u> 3.2 ICT strategies	ICT project governance framework will be presented to the Audit and Risk Committee at its December 2021 meeting.	Provided under the item 10.
<u>September 2021</u> 7.7 2021–22 Insurance Arrangements	Adequacy of the insurance coverage in place for members of the Audit and Risk Committee.	Officers confirmed via an email that members of the Audit and Risk committee is covered under the “Councillors’ and Officers’ liability” insurance cover. A copy of the email is given at Appendix 12.
<u>September 2021</u> 7.7 2021–22 Insurance Arrangements	Completeness of insurance in respect of environmental responsibilities.	JLT confirmed that BoQ can only have an “Environmental Impairment Liability” (EIL) insurance cover for incidents that may occur due to Council’s actions or inactions. Further, JLT is of the opinion that the



Item	Action	Status
		only major risk that BoQ could be exposed under this cover is illegal dumping (risk due to Council's inaction in preventing illegal dumping) However, due to the size and the spread of the municipality, the likelihood of such incident is very low (not any reports of significant illegal dumping in the past). And hence there is no value for money for Council in obtaining an EIL cover.

5. INTERNAL AUDIT

Council's annual budget provides for two internal audit reviews to be conducted during the year, with the internal audit service provider reporting through to management and the Audit Committee at scheduled meetings in June and December of each year.

5.1 Progress by Management on Open Audit Recommendations

A summary of the current outstanding internal audit recommendations is given below. Nine (9) outstanding internal audit recommendations including a recommendation rated as high risk have been completed since the last audit committee meeting.

Review	Period	Audit Recommendations			
		Total number of recommendations included in original IA report	Outstanding August 2021	Complete	Outstanding November 2021
Records Management	May-18	9	9	0	9
Capital Works Framework	Nov-19	20	11	(2)	9
Strategic Procurement	May-20	21	9	0	9
Business Continuity Planning and Disaster Recovery	Nov-19	7	7	(2)	5
Human Resources Management	Nov-19	11	3	0	3



Review	Period	Audit Recommendations			
		Total number of recommendations included in original IA report	Outstanding August 2021	Complete	Outstanding November 2021
Review of the Management, Oversight and Monitoring of Outsourced Service Provider	May-21	3	3	0	3
IT Network and Security (including Cyber Security)	Oct-18	9	4	(2)	2
Review of Insurance (coverage & value-for-money)	Nov-20	3	1	0	1
Review of Purchasing and Accounts Payable (including Data Analytics)	Nov-17	15	-	0	-
Risk Management Framework	Nov-17	13	3	(3)	-
Occupational Health and Safety	May-18	21	-	0	-
Credit Cards	Oct-18	5	-	0	-
Fraud and Corruption Control Framework	Nov-18	22	-	0	-
Management of Caravan Parks, Reserves and Foreshore	May-20	8	-	0	-
Total		167	50	(9)	41

Risk Rating

High
Medium
Low
Total

8
33
9
50

7
27
7
41

Update: 18 November 2021

A summary of outstanding internal audit recommendations considered as **high risk** is provided below.

Review	No. of outstanding recommendations	Update
Review of Records Management	3	BoQ is working collaboratively with three other Councils for a EDRMS system, Microsoft Office 365, SharePoint as the core data store supported with AvePoint Cloud Governance. Target implementation date 30 June 2022.



Review	No. of outstanding recommendations	Update
Review of Capital Works Framework	3	BoQ developed a framework and has introduced a phase-gate process for project approval and initiation. Need to develop and implement a framework for monitoring of projects once started/initiated. BoQ is looking for a project management system to be implemented as a part of the new corporate system. Target implementation date 31 December 2023.
Review of Business Continuity Planning and Disaster Recovery	1	Moving all of BOQ's on-premise hosted applications into a vendor-hosted data centre has been identified as an alternative to having a hot (secondary) DR site that BoQ can failover if an incident was to occur. It is a requirement of the BoQ ICT strategy which is being implemented, any new application implemented to be a Software As A Service (SAAS). Target implementation date 31 December 2023. Note: BoQ'S systems are currently being backed up at Visitor Information Center. However, a server needs to be first configured to failover if an incident was to occur.

Moved: Richard Bull / Seconded: Helen Butteriss

That the Audit and Risk Committee notes the progress on outstanding actions from previous audit recommendations.

Carried

5.2 Internal Audit Reviews

Council's internal auditors, HLB Mann Judd, conducted an internal audit during October to November 2021 covering the review topic of Review of Statutory Planning Process. Officers have since received and provided management comment, where appropriate, in response to the internal audit recommendations. Refer **Appendix 2**.



There are three (3) areas of low risk and two (2) areas of medium risk audit findings in which opportunities for improvement have been identified by the internal auditor.

Council officers have acknowledged that there are opportunities for improvements in the areas of risk identified by the internal auditor. A timeframe for completion of the audit recommendations is included in the management response to the internal audit report.

Recommendation:

That the Audit and Risk Committee confirms and accept the internal audit report, including management comments, as provided at Appendix 2.

Moved: Graeme Phipps / Seconded: Richard Bull

That the Audit and Risk Committee confirms and accept the internal audit report, including management comments, as provided at Appendix 2 subject to the review the timelines on item 4, the inclusion of conflicts of interest in standard templates and bring date forward if possible.

Carried

5.3 Scope for Internal Audit Reviews – April / May 2022

Council's internal auditors, HLB Mann Judd, has prepared documentation in relation to the scope of the next internal audit review to be conducted in April/May 2022 in line with the internal audit review topics for 2021 – 2023 presented at the June 2020 Audit Committee Meeting.

The proposed topic to be audited is:

- Review of Rates Revenue (incl. data interrogation). Refer **Appendix 3**.

Officers have reviewed the proposed audit scope to ensure that it adequately covers the risk associated with the process.

Moved: Graeme Phipps / Seconded: Richard Bull

That the Audit and Risk Committee confirms "Review of Rates Revenue (incl. data interrogation)" be the subject of the next internal audit review.

Carried

Anna Handberg, Business Systems and ICT Services Coordinator, provided an update about the progress Council has made in relation to the ICT architecture strategy implementation project.



6. EXTERNAL AUDIT

Council's annual budget provides for two external audit reviews to be conducted each year, to meet all legislative requirements with respect to the annual financial and performance reports.

An interim audit is conducted in April/May each year, which includes a review of policies, processes and to review progress on actions required to be completed as part of the current year's financial report.

A final audit of Council's annual financial statements (including financial report and performance statement) is completed in August of each year, with the external auditor reporting through to management and the Audit and Risk Committee at a scheduled meeting in September of each year.

6.1 External Audit 2020-21 Management Letter

Council's external auditor, Crowe, conducted the final audit for the 2020–21 year-end accounts in August 2021. The audit closing report was circulated to the Audit and Risk Committee members on 6 September 2021 and external auditor representative, John Gavens, provided an update on the audit closing report. Further, he made additional comments on potential management letter points auditors have observed during the audit process, timely update of bank signatories and review of reserves in addition to the outstanding management letter point in relation to excessive annual leave. A copy of the final management letter which includes management responses for audit findings and external audit closing report are included at **Appendix 4**.

As of today, BoQ has updated bank signatories of all its bank accounts including term deposits.

Moved: Helen Butteriss / Seconded: Graeme Phipps

That the Audit and Risk Committee recommends that Council accept the 2020–21 External Audit Closing Report and 2020–21 Final Management Letter as provided at Appendix 4.

Carried

7. COMPLIANCE MANAGEMENT

7.1 Reports from the Victorian Auditor General's Office (VAGO)

The Victorian Auditor-General's Office (VAGO) provides in its Annual Plan for a range of performance audits to be conducted each financial year. These performance reports typically include state government departments as well as a sample of local councils selected for audit.

The Borough of Queenscliffe was included in the performance audit conducted in 2018–19 in relation to Reporting on Local Government Performance.

Other Performance Audits (of which Queenscliffe was not selected for audit)



The Victorian Auditor-General’s Office (VAGO) has not tabled a report applicable to Local Government Sector since the last Audit and Risk Committee meeting.

However, officers have reviewed the new procurement policy of Council against the recommendations the Auditor-General has made in relation the review his office has conducted covering the review topic of “Managing Conflicts of Interest in Procurement” in the Government agencies.

Managing Conflicts of Interest in Procurement (Government Agencies)

<https://www.audit.vic.gov.au/report/managing-conflicts-interest-procurement>

Background (extract from the VAGO report)

Between July and October 2020, VAGO received four separate referrals alleging conflicts of interest in procurement. In examining these allegations, we considered the referrals as four separate case studies.

The referrals allege that ...	May have ...	Value ...	Over the period ...
the Department of Health and Human Services (now Department of Health)	improperly awarded a contract to a provider delivering medical services, including to the Hotel Quarantine Program, pop-up testing, a call centre, and a hotline for the broader community, based on undisclosed conflicts of interest	\$86.4 million (total cost of contract following Deed of Variation)	from 4 April 2020 ongoing.
the Department of Jobs, Precincts and Regions (DJPR)	breached probity when it awarded a contract for security services at the Hotel Quarantine Program and inappropriately approved contracts on the Secretary's behalf	\$35.2 million (paid to Unified Security Group)	between 20 April and 31 July 2020.
the Department of Health and Human Services (now	not managed a perceived conflict of interest, and appointed providers that did not meet the tender criteria	\$21.3 million (total cost of	from 1 August 2020 to 30 June 2021.



Department of Families, Fairness and Housing)	when it procured services for the Victorian Family Preservation and Reunification Response.	funding commitment)	
Parks Victoria	not used a competitive tender process and split up contracts to avoid scrutiny when it appointed an archaeological surveyor to assess and record Aboriginal rock art sites	\$199 260 (eight short-term contracts)	between May 2016 and June 2020.

We reviewed the evidence tendered to support these alleged conflicts of interest in procurement and decided to conduct a limited assurance review. In the course of our review, we also considered whether the departments followed relevant

VAGO conclusion drawn from this audit (extract from the VAGO report)

Nothing came to our attention to indicate self-interest unduly influenced the procurements we reviewed.

However, none of the agencies fully followed their policies and procedures (including critical incident policies) in procuring those services. This made it difficult for them to demonstrate that their procurement decisions:

- were fair and impartial
- obtained value for money
- were transparent

Our review highlighted there is a need for improved staff awareness, training and compliance with procurement policies and procedures. Staff need to consistently declare and manage any actual, potential or perceived conflicts of interest that could arise from personal or professional relationships with a supplier. Each department needs to support its staff to do so by providing appropriate guidance.

VAGO Recommendations and Relevance for the Borough of Queenscliffe

“Review and revise existing procurement policies and provide ongoing training to ensure any potential, perceived or actual conflicts of interest are declared”

Officers believe that the new procurement policy of the Council adequately covers this area. The BoQ has been using the monthly all-staff meetings to improve staff awareness around these critical areas through interactive discussions with staff. In addition, BoQ conducts regular workshops (at least twice a year) covering key aspects of the procurement process of the organisation.



Moved: Graeme Phipps / Seconded: Richard Bull

That the Audit and Risk Committee notes the summary provided by Council officers, with respect to this VAGO Report.

Carried

7.2 Reports from the Risk and Governance Committee

The minutes of September 2021 to November 2021 Risk and Governance Committee meetings are provided at **Appendix 5**.

Moved: Richard Bull / Seconded: Helen Butteriss

That the Audit and Risk Committee notes the minutes of Risk and Governance Committee meetings held between September 2021 to November 2021 provided at Appendix 5.

Carried

8. CONTROL FRAMEWORK AND RISK MANAGEMENT

8.1 Review of Council Policies

Council policies are reviewed by officers and adopted by Council on a rolling basis, with most policies scheduled for review every three years, noting that some policies require review every year (e.g. Procurement). It is preferred that policies with a risk management focus be reviewed by the Audit and Risk Committee prior to being forwarded to Council for adoption, however this is dependent on the timing of scheduled Audit and Risk Committee meetings and the allocation of staff resources to undertake the policy review work.

8.1.1 Council Policies previously reviewed by the Audit and Risk Committee and adopted by Council

Since the last Audit and Risk Committee meeting in September 2021, Council approved the following draft policies previously endorsed by the Audit and Risk Committee,

- CP008: Fraud Prevention
- CP013: Procurement
- CP030: Asset Disposal
- CP044: Sale, Exchange or Transfer of Council Land
- CP047: User Fees and Charges
- CP019: Conservation Covenant Incentive
- CP017: Local Government Performance Reporting Framework (LGPRF) – Revoked

8.1.2 Other Council Policies adopted by Council



Council has adopted the following policies since the last Audit and Risk Committee meeting in September 2021.

- CP053 Chief Executive Officer Employment and Remuneration

The Local Government Act 2020 (the Act) requires Council to have a Chief Executive Officer (CEO) Employment and Remuneration policy in place by 31 December 2021.

The purpose of the policy is to outline the way in which Council will manage the recruitment and appointment of its Chief Executive Officer. The Chief Executive Officer Employment and Remuneration Policy must provide for Council to obtain independent professional advice in relation to the matters dealt with in the Chief Executive Officer Employment and Remuneration Policy. The policy also must provide for the following:

- the recruitment and appointment process;
- provisions to be included in the contract of employment;
- performance monitoring;
- an annual review; and
- include any other matters prescribed by any Local Government regulations.

The full policy can be accessed via the following link.

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/council-meetings/ordinary-meetings/2021/11-november/appendix-3a-24-november-2021.pdf>

- CP035 Complaint Handling

This policy was first adopted by Council in December 2016. The purpose of this policy is to ensure that the community can raise their complaints with Council easily and with confidence that Council will listen to their concerns and handle their complaints fairly and objectively. The Local Government Act 2020 (the Act) requires Council to have a complaints policy that has been developed in accordance with the Act, in place by 31 December 2021. Key amendments to the existing policy are:

- Update to the definition of 'Complaint' to be in accordance with definition in the Local Government Act 2020
- Update to title of and reference to Public Interest Disclosures Act 2012
- Update to position titles of Council officers where necessary
- Inclusion of a paragraph to affirm Council's commitment to ensure the complaints process is accessible to everyone

The full policy can be accessed via the following link.

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/council-meetings/ordinary-meetings/2021/11-november/appendix-3b-24-november-2021.pdf>



Moved: Graeme Phipps / Seconded: Helen Butteriss

That the Audit and Risk Committee notes the policies recently adopted by Council.

Carried

8.2 Draft Risk Management Framework

Council has developed a risk management framework based on ISO 31000: 2018 Risk Management Guidelines. The purpose of the framework is to document the principles of the risk management system, Council's commitment to risk management and how that operates internally. It will also detail the roles and responsibilities of risk management within Council, and the reporting structures that provide the Council with the appropriate oversight of risk management within the organisation.

Risk and Governance Committee (RGC) has reviewed the draft Risk Management Framework provided at **Appendix 6**. Council's risk management policy which still refers to the previous ISO standard will also be revised once the draft Risk Management Framework is finalised.

Recommendation:

That the Audit and Risk Committee approves the draft risk management framework provided at Appendix 6.

Moved: Richard Bull / Seconded: Graeme Phipps

That the Audit and Risk Committee review the draft risk management framework and provide feedback that can be incorporated into the draft before 28 February 2022.

Carried

8.3 Draft Strategic Risk Register

Council has initiated a process for a detailed review of the Council's Strategic Risk Register in line with the draft Risk Management Framework. The draft Strategic Risk Register provided at **Appendix 7** is still being reviewed by officers. The reviewed Strategic Risk Register will be tabled at the April 2022 Audit and Risk Committee meeting for approval.

Recommendation:

That the Audit and Risk Committee notes the draft strategic risk register provided at Appendix 7 and provide feedback to officers on the draft document on or before 28 February 2022.

Moved: Graeme Phipps / Seconded: Helen Butteriss

That the Audit and Risk Committee review the draft strategic risk register and provide feedback that can be incorporated into the draft before 28 February 2022.

Carried



8.3 Business Continuity Plan (BCP) and Testing Regime

Council’s business continuity plan and the disaster recovery plan were reviewed and updated in October 2019. The Business Continuity Committee met at least weekly from March 2020 onwards in response to the global COVID-19 pandemic.

A mock BCP/DR incident response drills/testing exercise has not been carried out by the BoQ since June 2016. (Note that annual exercises are conducted of Council’s Municipal Emergency Management Plan.)

Moved: Graeme Phipps / Seconded: Helen Butteriss

That the Audit and Risk Committee notes summary provided by Council officers, with respect to business continuity planning and testing regime.

Carried

8.4 Reports on any instances of unethical behaviour, fraud and corruption

There has not been any unethical behaviour, fraud and corruption reported or suspected since the last Audit and Risk committee meeting.

Moved: Helen Butteriss / Seconded: Richard Bull

That the Audit and Risk Committee notes update provided by Council officers, with respect to unethical behaviour, fraud and corruption.

Carried

8.5 General Ledger Reconciliations

Reconciliations are a fundamental control check for fraudulent activity and to prevent financial statement errors. An update on the status of the bank and general ledger reconciliations has been provided at 30 September 2021. Reconciliations have been categorised into three risks categorise based on the value of the unreconciled items (excluding timing differences) as a percentage (%) to the ledger balance of each reconciliation.

Risk Category	No. Reconciliations
Low risk - zero unreconciled value	51
Medium risk – less than 5% and \$5,000 unreconciled value	0
High risk – more than 5% and \$5,000 unreconciled value	0
Total	51



Moved: Richard Bull / Seconded: Helen Butteriss

That the Audit and Risk Committee notes the update provided by Council officers, with respect to general ledger reconciliations.

Carried

9. COUNCIL FINANCIAL AND PERFORMANCE REPORTING

9.1 2020–21 Annual Report

The Borough of Queenscliffe 2020–21 Annual Report was completed by the statutory timeframe of 30 November 2021 and issued to the public at its Ordinary Council Meeting on 27 October 2021.

An electronic copy of the annual report is available to the public on Council’s website and can be accessed via the following link:

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/publications/annual-reports/bog-annual-report-2020-21.pdf>

Moved: Helen Butteriss / Seconded: Richard Bull

That the Audit and Risk Committee notes the Borough of Queenscliffe 2020–21 Annual Report.

Carried

9.2 2021–22 Quarterly Financial Report as at 30 September 2021

The 30 September 2021 quarterly financial report was presented to Council at its Ordinary Meeting on 27 October 2021 which can be accessed via the following link.

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/council-meetings/ordinary-meetings/2021/10-october/appendix-3-27-october-2021.pdf>

The forecast **accumulated cash surplus for the 2021-22 year is \$91,000** although there has been a \$344,000 increase in the accumulated cash surplus b/fwd from the year 2020-21. The additional cash surplus from the previous year have been used to fund the following budget allocations.

Additional funding allocation for Queenscliffe Cultural Hub, <i>refer to the section 2.5 for more details</i>	\$157,300
Settlement of BoQ share of unclaimed liabilities arising from the cessation of the MAV WorkCare scheme	\$40,300
Building condition survey (c/f from 2020-21, not adjusted through reserve accounts)	\$30,000
Review of Council policies and programs in line with requirements of the new LG Act (c/f from 2020-21, <i>not adjusted through reserve accounts</i>)	\$15,000



Asset renewal - foreshore other (c/f from 2020-21, <i>not adjusted through reserve accounts</i>)	\$5,000
Additional budget provision for legal expense (potential VCAT cases)	\$4,200

Council has forecasted an **underlying deficit of \$355,000 (LGPRF based)** for the 2021-22 financial year which is driven by non-recurrent operating projects.

Council uses an adjusted underlying result (excluding one-off operating income and expenses and adjusted for the timing differences of recurrent operating grant) to measure the financial sustainability as defined in the Council plan 2021-2025.

The forecasted **adjusted underlying result (Council plan based)** for the year 2021-22 is a **surplus of \$39,000 (0.4%)**.

The final settlement in relation to the **sale of Murray Road land** is expected to be finalised soon. **\$3,500,000**, proceeds from the sale, has been set aside in a reserve account in forecast financial statements until a potential project/s is identified in the future in line with Council policy "CP044, Sale, Exchange or Transfer of Council Land".

Total financial assets (cash and cash equivalents and financial assets) as at **30 September 2021** is **\$12.8 million**. A significant part of the total financial assets represents grants received in advance for the Queenscliffe Boat ramp upgrade and Queenscliffe Cultural Hub projects.

*Council has a **debt free balance sheet**.*

During the last three months, **\$994,000** has been spent in **capital projects** against the **forecast of \$11.9 million for the year**.

Forecasted year-end result **meets all financial sustainability indicators specified in the Council Plan 2021-2025** as summarised below.

Policy Statement	Measure	Indicator	Target	Adopted Budget	Yearend Forecast - Sep 2021
Sustainable operating result					
Consistent adjusted underlying results	Adjusted underlying revenue - (less) operating expenses (excluding one-off operating income and expenses)	Our adjusted underlying result	> \$0	\$44	\$39
Working capital					



Policy Statement	Measure	Indicator	Target	Adopted Budget	Yearend Forecast - Sep 2021
Ensure Council maintains sufficient working capital to meet its debt obligations as they fall due.	Current assets / current liabilities	Current assets vs current liabilities	> 1.0	3.02	2.99
Council maintains sufficient unrestricted cash to ensure ongoing liquidity as well as to address unforeseen cash imposts if required.	Current liabilities / unrestricted cash reserves (including term deposits with less than 90 days remaining maturity)	Level of unrestricted cash reserve against current liabilities	> 100%	135.6%	266%
Borrowings					
That Council applies loan funding to new capital and maintains total borrowings in line with rate income and growth of the municipality.	Total borrowings / rate revenue	Total borrowings against rate revenue	< 15%	0%	0%
Commitment for asset renewals					
Allocate adequate funds towards renewal capital in order to replace assets and infrastructure as they reach the end of their service life.	Three years rolling average of asset renewal and upgrade expenses / three years rolling average of depreciation expenses	Asset renewal and upgrade expenses against depreciation	> 100%	308.0%	331%
Council generates sufficient revenue from rates plus fees and charges to ensure a consistent funding for new and renewal capital.	Council's contribution to asset renewal and upgrade expenses / own source revenue	Council's contribution to asset renewal and upgrade	> 10%	13%	13%

Moved: Helen Butteriss / Seconded: Richard Bull

That the Audit and Risk Committee notes the 2021–22 Quarterly Financial Report as at 30 September 2021.

Carried



9.3 Council Plan 2021-2025 and Financial Plan 2021-2031

Council Plan 2021-2025 and Financial Plan 2021-2031 those can be accessed via the following link, were adopted by Council at its Ordinary Council Meeting on Wednesday 27 October 2021.

[Link to council plans](#)

The CEO circulated the draft Council Plan 2021-2025 and the draft Financial Plan 2021-2031 to members of the Audit and Risk Committee members during the public exhibition period.

Council received 12 submissions and one late submission.

All of the matters raised in the submissions are captured in the Council Plan Submissions table which can be accessed via the following link.

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/council-meetings/ordinary-meetings/2021/10-october/appendix-7a-27-october-2021.pdf>

Changes made to the draft Council Plan 2021-2025 based on the submission received are captured in the Response to Submission table which can be accessed via the following link.

<https://www.queenscliffe.vic.gov.au/files/assets/public/documents/your-council/council-meetings/ordinary-meetings/2021/10-october/appendix-7b-27-october-2021.pdf>

No changes had been made to the draft Financial Plan 2021-2031.

Moved: Graeme Phipps / Seconded: Richard Bull

That the Audit and Risk Committee notes the adopted Council Plan 2021-2025 and Financial Plan 2021-2031.

Carried

10. INFORMATION TO NOTE

ICT Architecture Strategy Implementation - Project Governance and Scope Document

Council engaged Votar Partners Pty Ltd to conduct a review of ICT Architecture Strategy of the Borough. A copy of the review report was provided to the Audit and Risk Committee at its September 2020 meeting, detailing a roadmap for Council to significantly improve its ICT landscape, reduce existing risks and allow for future improvements.

The project governance and scope document provided at **Appendix 8** summarises the scope and the proposed governance structure of the ICT Architecture Strategy Implementation project.



New Organisational Structure

The CEO to provide an update (verbal) to the Committee on the staff organisational restructure and the organisational structure provided at **Appendix 9**.

“Don’t Become the Headline”

Victorian Ombudsman Deborah Glass, IBAC Commissioner the Honourable Robert Redlich QC and Victorian Auditor-General Andrew Greaves outlined procurement best practice, and how an organisation can avoid being the focus of their next investigation in a webinar titled “Don’t Become the Headline”

A recording of the webinar can be accessed via the following link:

https://youtu.be/o0_m_fI0tWc

Council Planning Digital Survey

DELWP conducted a survey to identify the current IT landscape, digital maturity, opportunities and barriers to delivering or enhancing online planning services within the 79 Victorian Councils.

A summary of the survey results is provided at **Appendix 10**.

Moved: Richard Bull / Seconded: Graeme Phipps

That the Audit and Risk Committee notes the information provided.

Carried

11. AUDIT AND RISK COMMITTEE

11.1 Councillor Representatives on Council’s Audit and Risk Committee

Council’s Audit and Risk Committee Charter provides for membership of one to three Councillors and four external members appointed by Council, all with full voting rights.

At the Ordinary Council Meeting held on 24 November 2021, Council resolved to appoint Cr Ross Ebbels, Cr Susan Salter and Cr Fleur Hewitt as its three representatives on Council’s Audit and Risk Committee.

11.2 Annual Work Plan

The Local Government Act 2020 requires Audit and Risk Committee to adopt an annual work plan for each financial year. The draft work plan for the 2021-22 financial year is provided at **Appendix 11**.



Moved: Graeme Phipps / Seconded: Helen Butteriss

That the Audit and Risk Committee reviews and approves the 2021-22 Annual Work Plan of the Audit and Risk Committee given at Appendix 11.

Carried

12. GENERAL BUSINESS

13. DATES OF FUTURE AUDIT AND RISK COMMITTEE MEETINGS

Audit and Risk Committee meetings are scheduled to occur at least one week prior to an Ordinary Council Meeting, in order for the Minutes of the Audit and Risk Committee meeting to be finalised and included in the Agenda for the Ordinary Council Meeting, for acceptance by Council.

All meetings of the Audit and Risk Committee will commence at 3:30pm.

The September meeting of the Audit and Risk Committee each year is for the specific purpose of reviewing the draft financial statements and recommending that Council consider adoption of the financial statements, in principle, at its Ordinary Council Meeting in September.

Given the Audit and Risk Committee's additional responsibilities under the new *Local Government Act 2020*, the Committee decided an additional less formal Committee meeting be conducted in March/April, the content of which will be determined by the Chair and the CEO. After the March/April 2022 meeting, the Audit and Risk Committee will review the effectiveness of this meeting.

Audit and Risk Committee Meeting	Ordinary Council Meeting
Monday 11 April 2022 (less formal)	Wednesday 20 April 2022
Monday 6 June 2022	Wednesday 22 June 2022

14. CLOSE OF MEETING

Meeting Closed at 5:06 pm