



STRATHBOGIE SHIRE COUNCIL

Minutes of a meeting of the Strathbogie Shire Council Audit and Risk Committee held on Friday 25 March 2022, in the Euroa Community Conference Centre, commencing at 9.30 a.m.

Committee Members:	Mr Paul Ayton (Chair)	-	Community Representative
	Mr Alister Purbrick	-	Community Representative
	Mr Alistair Thomson	-	Community Representative
	Cr David Andrews	-	Council Representative
Officers:	Ms Julie Salomon	-	Chief Executive Officer
	Mr David Roff	-	Director Corporate Operations
	Ms Amanda Tingay	-	Director Community and Planning
	Ms Dawn Bray	-	Director, People and Performance
	Mr Upul Sathurusinghe	-	Manager Finance
	Mr Daniel Haysom	-	Manager, Asset Planning
Internal Auditors:	Mr Brad Ead	-	AFS & Associates (<i>participated virtually</i>)
External Auditors:	Danielle McKenzie	-	Crowe Audit

Due to Mr Mark Freudenstein advising of his intention to stand down as Chair of the Audit and Risk Committee, the election of a new Chair was required.

MOVED: ALISTAIR THOMSON
SECONDED: ALISTER PURBRICK

That Mr Paul Ayton be elected as Chair of the Strathbogie Shire Council Audit and Risk Committee.

13-21/22 **CARRIED**

1. Welcome
2. Acknowledgement of Traditional Land Owners

We acknowledge the Traditional Custodians of the places we live, work and play.

We recognise and respect the enduring relationship they have with their lands and waters, and we pay respects to the Elders past, present and emerging.

Today we are meeting on the lands of the Taungurung peoples of the Eastern Kulin nation, whose sovereignty here has never been ceded.

3. Apologies

Mr Mark Freudenstein
Cr Paul Murray

4. Disclosure of Interests

Nil.

5. Confirmation of Minutes

MOVED: ALISTAIR THOMSON
SECONDED: ALISTER PURBRICK

That the Minutes of the Audit and Risk Committee meeting held on Friday 10 December 2021 be confirmed.

14-21/22 **CARRIED**

6. Business
7. Items raised by Committee Members
8. Next Meeting

6.	Business	Report Page No.
6.1	External Audit and Audit Strategy	1
6.2	<u>Internal Audit Program</u> Update on previous projects <ul style="list-style-type: none"> • Payroll • ICT and Regional IT Project • Tree Management • Depot Operations Manual <u>Other</u> <ul style="list-style-type: none"> • Past Issues • Internal Audit Program Status Update • Industry Update • VAGO Sector update 	1
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6. **BUSINESS**

6.1 **External Audit and Audit Strategy**

Author: David Roff, Director Corporate Operations

Responsible Director: Director Corporate Operations

Two documents were provided to Committee members:

- Audit Engagement letter supplied by VAGO (for information)
- Audit Strategy for audit of 2012/22. The external auditor will be in attendance to discuss

MOVED: ALISTER PURBRICK
SECONDED: ALISTAIR THOMSON

That the report be noted.

15-21/22 **CARRIED**

- *Advise on Audit fees. when known.*
- *No major changes expected from VAGO review.*

6.2 **Internal Audit Program**

Update on previous projects

- Payroll

Further to previous information and an Internal Audit, a number of issues were to be resolved by implementation of a new payroll system and updating of policies. Parallel runs of the new and old systems will be undertaken over the next couple of pays prior to “going live” on 2 May 2022 at the conclusion of that period. As part of the implementation it has previously been advised that there is a need to write off \$42,294.58, as an unreconciled balance from 2019. All payrolls since have been reconciled. This will have no cash impact.

In relation to Policies, following resignation of the previous Manager People and Culture, a senior resource has now been employed and part of the role includes Policy update which is happening now.

- ICT and Regional IT project

The Committee was previously advised of an application under the State Government’s Rural Councils Transformation Program for \$1 million for Mansfield, Murrindindi, Benalla and Strathbogie Councils to upgrade a range of IT systems. This application was submitted and at this stage advice is expected in March of success or otherwise. Council’s draft budget allocates \$600,000 over 3 years to supplement this funding. Should the application be unsuccessful Council will still be able to proceed with a number of upgrades, potentially still involving collaboration with other Councils.

6.2 Internal Audit Program (cont.)

- Tree Management

The Tree Management Plan, provided to Committee members, has been completed in draft and there is one remaining task to be completed, which is the mapping of risk areas by Council's GIS team. This is a process which is quite detailed and the **High** Risk areas of Nagambie has been completed and the final output is shown below.



6.2 Internal Audit Program (cont.)

ID	risk_area	
N001	High	
N002	High	
N003	High	
N004	High	
N005	High	
N006	High	
N007	Medium	
N008	High	
N009	High	

First stage mapping for other High Risk areas was provided to Committee members and conversion to the Nagambie format is aimed for completion in time for submission to the May Council meeting. Medium Risk areas will also be mapped.

Further work will then be undertaken to pinpoint individual trees in the mapping system.

There is also a need to tighten the narrative about the Tree Management Plan's relationship to the Road Management Plan.

- Depot Operations

The major outstanding item from this audit was updating of Standard Operating Procedures.

There are 110 SOPs across the Roads and Park Maintenance areas to do, approx. 90 and 20 respectively in both areas, and 23 of them, all in Sealed Roadway have been completed with the balance expected to be done by the end of March 2022.

Samples for Sealed Road Pothole Patching & Urban Shoulder Grading were provided to Committee members.

The SOPs will be subject to a programmed review process so as to maintain currency

Further work will be required on SOPs for Building or Fleet Maintenance, as there were no existing Works Instructions in the previous system.

Other

- Past Issues

As part of the Internal Audit program, a review is scheduled to commence on 29 March 2022.

- Internal Audit Program Status Update
- VAGO Status Report
- Industry Update

were provided to Committee members for their information.

6.2 Internal Audit Program (cont.)

MOVED: ALISTAIR THOMSON
SECONDED: DAVID ANDREWS

1. ***That the Internal Audit update be noted.***
2. ***That Purchasing Cards be deleted from the program and replaced by Review of Risk Register – timing to be determined.***
3. ***That Council review the seven common themes of the Vision and Mission Statements of award-winning cities, municipalities and local governments all over the world on page 2 of the Industry Update.***

16-21/22 **CARRIED**

6.3 Budget 2022/23 Preparation Update

Preparation of the 2022/23 Budget is almost complete with Council scheduled for a final review on 29 March. If this document is completed before Friday it will be circulated.

Alternatively, it may be necessary for the Committee to convene after that date to review the document before it goes to the public.

The end result is not expected to vary substantially from the figures presented below:

INDICATOR	2022/23	2023/24	2024/25	2025/26
Operating Result	2.911 m	1.011 m	.345 m	.756 m
Liquidity	1.18:1	1.08:1	1.08:1	1.12:1
Capital Works	16.429 m	7.672 m	7.024 m	7.507 m
Depreciation	6.081 m	6.227 m	6.389 m	6.548 m
Asset Renewal and Upgrade/Depreciation	264%	120%	107%	115%
Indebtedness (Non Current liabilities/Own Source Revenue)	30%	27%	21%	19%

Within the Budget the following are of note:

- Increase in the average rate of 1.75%
- Increase in waste charges of 3% - service affected by increase in landfill levy and fuel prices
- Capital Works Program of \$16.429 m
- Operating Surplus of \$2.911 m

6.3 Budget 2022/23 Preparation Update (cont.)

- In relation to the Cash Flow Statement, in previous years the Federal Government has paid 50% of the following year's grant late in the previous financial year (amount of amount \$2.9 m). Should this occur the amount would probably be received in May, but the Budget does not assume that, ie, is conservative
- Assumptions about Capital grants going forward are considered conservative
- Borrowings of \$5.00 m for rehabilitation of Violet Town Landfill are in the figures above . Based on design and bill of quantities it is likely that this full amount will not be required – potentially \$4.30 m required which may include \$500,000 for other projects

Work remaining to be done

- Upgrade of 2022/23 projected result
- Update of Financial Plan to reflect final figures
- Update of Rating and Revenue Plan to reflect revaluation figures and distribution of burden
- Completion of Fees and Charges document

MOVED: ALISTAIR THOMSON
SECONDED: ALISTER PURBRICK

1. That the Committee note budget preparation to date and convene a further meeting to review the final Draft document.
2. That the Committee suggest to officers whether efficiency would be improved by moving capital expenditure from 2022/2023 to 2023/2024 and beyond.

17-21/22 **CARRIED**

6.4 Audit Committee Work Plan

The Audit Committee Work Plan has been updated to include some specific dates and comments on actions and was provided to Committee members.

In regard to the Policy Review Section this table has been reformatted and there are some policies overdue for review, which will be addressed in the next 3 months.

MOVED: DAVID ANDREWS
SECONDED: ALISTAIR THOMSON

1. That the Committee note and review the Work Plan.
2. That officers review the Policy Review timetable.

18-21/22 **CARRIED**

6.5 **Key Strategic Indicators Human Resources**

Provided to Audit Committee members for their information were Human Resources Reports from to 19 November 2021 to 10 March 2022 which includes narrative on some current issues.

MOVED: ALISTER PURBRICK
SECONDED: ALISTAIR THOMSON

That the Committee note the report.

19-21/22 **CARRIED**

- *It was noted that it would be advisable to have a plan for Long Service Leave as well as Annual Leave.*
- *Data to be consolidated, if possible, into a shorter report.*

6.6 **Risk Management Update**

Given the recent review of Strategic Risks which is still being compiled there is no report to this meeting.

It was reported that the State Government will soon introduce legislation that will require Victorian shires to report on physiological and social risks in the workplace, such as mental and physical abuse, sexual abuse and excess workloads, which will be monitored by WorkSafe and which will require a lot of monitoring and extra management focus.

Noted, and it's recommended that the State Government legislation ramifications be added to the Strategic Risk Register.

11.03 pm

All Officers, apart from the Chief Executive Officer and Director People and Performance, left the meeting.

6.7 **Investigations / Chief Executive Officer Reports**

- Various human resource related matters

7. **ITEMS RAISED BY COMMITTEE MEMBERS**

8. **NEXT MEETING**

THERE BEING NO FURTHER BUSINESS, THE MEETING CLOSED AT 12.10 PM

Confirmed as being a true and accurate record of the Meeting

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Chair

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Date