

Strathbogie Shire Council

Audit and Risk Committee Meeting Minutes

Extraordinary Meeting
Friday 7 October 2022
Online via Teams at 9.30 am

Minutes of the Extraordinary Meeting of the Strathbogie Shire Council Audit and Risk Committee held on Friday 7 October 2022 online, commencing at 9.30 am.

Present

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|-------------------------------|--------------------------|
| Paul Ayton (Chair) | Community Representative |
| Mark Freudenstein | Community Representative |
| Alister Purbrick | Community Representative |
| Alistair Thomson | Community Representative |
| Cr Laura Binks (Mayor) | Council Representative |
| Cr Paul Murray (Deputy Mayor) | Council Representative |
| Cr David Andrews | Council Representative |

Officers

| | |
|--------------------|--|
| Julie Salomon | Chief Executive Officer |
| Dawn Bray | Director People and Governance |
| Michelle Bromley | Coordinator Governance and Record Management |
| Kerry Lynch | Governance Officer (Minutes) |
| Upul Sathurusinghe | Chief Financial Officer |
| Molly Odgers | Environment and Waste Coordinator |
| Kristen Chasemore | Procurement and Tender Officer |
| Mr Brad Eade | Internal Auditors – AFS & Associates |

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

Amanda Tingay (Director Community and Planning)
Vlad Amadek (Director Sustainable Infrastructure)
Dannielle McKenzie (Crowe External Auditor)

4. Disclosure of Interests

Nil

5. Confirmation of Minutes of Audit and Risk Committee

Nil.

6. BUSINESS

6.1 POLICY REVIEW - PROCUREMENT POLICY

Council, at its Ordinary Meeting 14 December 2021 adopted the Procurement Policy in its current form.

Sections 108 (1) of the *Local Government Act 2020* (the Act) requires the Council to prepare, adopt and comply with a Procurement Policy.

Section 108(5) of the Act also requires Council to review its Procurement Policy at least once during Council's four-year cycle.

A review of the policy has been undertaken by Officers and a number of minor changes to the wording and structure of the policy have been made. There is no change to the overall intent of the policy, however there are some changes in relation to the introduction of a project control group, sustainable procurement considerations (as required by our Climate Change Action Plan) and other refinements around how lump sum breakdowns and budget scoping are managed.

The following changes have been updated in the Procurement Policy:

- Table with each role and their responsibilities added (Page 6)
- Overall value for money added and "Delivery charges and carbon emissions" and to considerations (page 6)
- Clarification on GST "Pricing submissions are to be inclusive of GST" added (Page 7)
- New sub-section (Project control group) added for section 8 (Page 9)
- Collaborative procurement clause added (Page 10)
- New section for "Sustainable Procurement" added (Page 10 – 12)
- Table 2 Procurement Thresholds (page 17) updated
- Evaluation weighting on price changed to 40% from 50%. (Section 21 on page 21)
- New section of "Lump sum breakdown" added (Page 21)
- New sub-section for "Budget and specification formation added (Page 21)
- New section for "Tender pricing above set budget" added (Page 21)

It was suggested that Council's terminology regarding "net carbon zero" be replaced by "Scope 1-2-3 net zero emissions". Council is currently at Scope 1-2 level and that a Scope 3 net zero emissions date had not been mandated to date. Other additions should be added to the Purpose Statement of the policy include:

- Demonstrate compliance with legislative requirements
- Assist development of local enterprises through promotion of local/regional content principles
- Respond to the declare climate emergency by giving preference to the procurement of environmentally sustainable goods and services
- Assist with the achievement of outcomes from the MOU with the TLWC

The Internal Auditor noted that most Councils appoint a probity advisor for complex or high risk projects.

Moved: Alistair Thomson
Seconded: Alister Purbrick

That the Committee notes the updated policy and recommends that Council adopts the draft updated Procurement Policy, as attached to this report with the following changes:

- 1. Add to policy purpose/policy statement:**
 - **Demonstrate compliance with legislative requirements**
 - **Assist development of local enterprises through promotion of local/regional content principles**
 - **Respond to the declare climate emergency by giving preference to the procurement of environmentally sustainable goods and services**
 - **Assist with the achievement of outcomes from the MOU with the Taungurung Land and Waters Council (TLaWC)**
- 2. In the accountability section add the CEO to reflect the significant delegated powers under the policy.**
- 3. In section 8 (Governance) reflect what will happen under the policy rather than 'should' happen.**
- 4. In section 8 (social procurement) set the weighting rather than consult with the TLaWC on what the weighting should be.**

Carried

6.2 POLICY REVIEW - DISPOSAL OR SALE OF COUNCIL ASSETS

Council owns a range of assets to support service provision to the community ranging from roads, bridges, land and machinery and to information technology equipment and office furniture. Whether large or small, the responsible management of Council's assets must be a whole of organisation commitment.

A key part of the effective management of Council's assets is the identification of, and process for, disposing of redundant assets. Whether a piece of land, piece of machinery or a smart phone, asset disposal needs to be undertaken in an open and transparent way

This policy and its procedures apply to all Strathbogie Shire Council operations and are designed to achieve advantageous disposal outcomes through:

- implementing Council's Asset Management Policy and asset management plans
- ensuring the disposal or rationalisation of Council's assets is carried out in a transparent, fair, and independent manner
- enhancing value for the community by using competitive disposal processes
- promoting the use of resources in an efficient, effective and ethical manner
- ensuring decision making is consistent, fair and equitable
- making decisions with probity, accountability and transparency
- satisfying Council's economic, social and environmental policies
- appropriately managing risk
- compliance with all relevant legislation.

Moved: Alister Purbrick
Seconded: Alistair Thomson

That the Committee notes the updated policy and recommends that Council adopts the draft updated Disposal or Sale of Council Assets policy, as attached to this report with the following changes:

- 1. Purpose – change paragraph to read “*Whether a piece of land, piece of machinery or a smart phone, asset disposal needs to be undertaken in an open and transparent way and ensures best values for monetary outcome is achieved*”.**
- 2. Add the following to roles and responsibilities:**
 - Notification to Chief Financial Officer (CFO) that the Asset Register has been updated**
 - Notification to ensure that attached elements are updated e.g. insurance, maintenance**
- 3. Replace reference to Motor Vehicle Policy to Motor Vehicle CEO Directive.**

Carried

6.3 POLICY REVIEW - PURCHASING CARD POLICY

Council, at its Ordinary Meeting on 15 October 2019 adopted the Purchasing Card Policy in its current form.

A review of the policy has been undertaken by officers and a number of minor changes to the wording and structure of the policy have been made. There is no change to the overall intent of the policy, however some changes related to new card providers are included.

This policy was due for review in July 2021, the two-year review has been conducted and changes have been suggested.

This policy applies to purchasing cards, which includes credit, debit, EFTPOS and similar bank cards, as well as the use of mobile technology issued by Council to process electronic payments and used for purchasing goods and services on behalf of Council.

The following changes have been updated to the Purchasing Card Policy:

- New clarification added to who this policy applies to (section 3, page 6)
- Minor changes to roles and responsibilities (Section 4, Page 6)
- Minor changes to card recording and authorisation in ProMaster added (Section 4, Page 8)
- New contact details added (Section 6, Page 10)

Moved: Mark Freudenstein
Seconded: Cr David Andrews

That Council notes the updated policy and recommends that Council adopts the draft updated Purchasing Card Policy, as attached to this report with the following change(s):

- 1. Section 2 – Policy – remove the existing line “*emergencies where the on-line procurement system will not meet the exceptional need*”**
- 2. Section 11 – Internal Reviews – replace “*annual reviews*” with “*cyclical reviews*”**

Carried

6.4 POLICY REVIEW - RATES AND CHARGES COLLECTION AND HARDSHIP POLICY

Council, at its Ordinary Meeting 17 March 2020 adopted the Rates and Charges Collection and Hardship Policy in its current form.

A review of the policy has been undertaken by officers and a number of minor changes to the wording and structure of the policy have been made. There is no change to the overall intent of the policy, however some changes to spend amount purchase processes.

This policy was due for review in July 2022, the annual review has been conducted and changes have been suggested.

The *Local Government Act 1989* (the Act) provides legislated payment options to facilitate the payment of rates and charges. In addition to these, Council provides additional payment frequencies to assist ratepayers to manage their debts.

The Policy allows Council to ensure that monies owed are recovered in a manner acceptable to Council and the person/organisation experiencing financial hardship. Hardship can arise in numerous ways for our community. Having the means available to temporarily assist the community member to allow them time to overcome their hardship in a sensible and sensitive way is appropriate.

This Policy applies to any person who is levied rates or charges, including the Fire Services Levy, within the municipality.

The following changes have been updated on the Rates and Charges Collection and Hardship Policy:

- Wording has changed to “The Policy on waiving of rates and charges applies to rateable land used for residential purposes which is used exclusively for residential purposes by that person and is that person’s sole or principle place of residence in accordance with Section 171(4) (b) of the Act (Page 4)
- Financial delegation table updated (page 5)
- Reporting on interest write off to Council added (Section 9, Page 9).

The Chief Financial Officer reported that The *Local Government Legislation Amendment (Rating and Other Matters) Bill 2022 (Bill)* was introduced to Parliament to make a number of amendments to the *Local Government Act 2020*. These changes do not take effect until July 2023 but will affect some aspects of the policy in the future including how commercial properties are viewed under these changes.

The Director People and Governance took on notice questions relating to commercial properties, however advised that a new policy would probably need to be developed to cover commercial property.

Moved: Alistair Thomson
Seconded: Alister Purbrick

That the Committee notes the updated policy and recommends that Council adopts the draft updated Rates and Charges Collection and Hardship Policy, as attached to this report with the following change(s):

- 1. Check grammatical errors relating to Centrelink (Page 7)**
- 2. Reference the checks and balances in place (multiple officer approval) for the waiving interest, rates and charges.**

Carried

6.5 POLICY REVIEW - COUNCILLOR EXPENSES POLICY

Council, at its Ordinary Meeting 20 June 2020 adopted the Council Expenses Policy in its current form.

A review of the policy has been undertaken by officers and minor changes to the wording of the policy have been made to update Council Plan references. A new section on accountability and responsibility has been added through the translation to the new policy template to provide clarity around the implementation of the policy and its procedures.

It was noted in the discussion that the Chief Executive Officer should have specific roles and responsibilities especially relating to the management of disputes.

Clarity is also provided around the reimbursement of childcare costs given questions that have arisen around the receipt of the childcare rebate by eligible Councillors – the policy clarifies that Council will only refund the gap between the rebate and the cost of the childcare incurred while conducting legitimate Council business.

There is no change to the overall intent of the policy, however some changes to spend amount purchase processes.

Officers clarified that the amount of \$1500 referred to in section 17.2 regarding expenditure on conferences and training was a sufficient expenditure figure for a Council of Strathbogie's size.

Brad Eade left the meeting at 11.15am.

Moved: Alister Purbrick
Seconded: Cr Paul Murray

That the Committee notes the updated policy and recommends that Council adopts the draft updated Council Expenses Policy, as attached to this report with the following change(s):

- 1. Section 4 – include the CEO as having specific roles and responsibilities especially relating to the resolution of disputes**
- 2. Section 15.2 – delete reference line “*The current rate of reimbursement is 0.68 cents per kilometre for a motor vehicle*”**
- 3. Section 17.2 – review the Councillor Conference and Training Attendance Form to ensure attendance at conferences and training is reported to Council in a more transparent way.**

Carried

6.6 POLICY REVIEW - RISK MANAGEMENT POLICY

Council, at its Ordinary Meeting 18 June 2019, adopted the Risk Management Policy in its current form.

A review of the policy has been undertaken and it was decided that a complete rewrite was required to align the policy with recent direction and decisions of the Audit and Risk Committee and Council in relation to risk appetite, risk rating approaches and scoring and to align with the Strategic Risk Register finalised in July 2022.

The policy review was informed by benchmarking against other risk management policies from like councils, information gained through recent internal audit findings and through the invaluable feedback gained through the development of the Strategic Risk Register.

The more detailed policy outlines the core principles of Council’s risk management approach, as set out in the Enterprise Risk Management Framework.

The updated policy is designed to provide a more effective quick reference guide for our staff, contractors, Audit and Risk Committee and Council to help drive the integration of a risk management culture and way of thinking into our day-to-day operations.

A section on roles and responsibilities has been added to provide clarity and accountability around implementing our risk management policy, which will help support drive the cultural change required across the organisation in relation to risk management. Significant gains in this area have been made over the past twelve months, however there is still more work to be done.

It was noted that the Risk Management Framework was set pre-COVID and an opportunity existed to review the risk appetite with the current Council to ensure Councillors are clear on the risk appetite of the organisation.

Moved: Alister Purbrick
Seconded: Alistair Thomson

That the Committee notes the updated policy and recommends that Council adopts the draft updated Risk Management Policy, as attached to this report.

Carried

7. NEXT MEETING

The next ordinary Audit and Risk Committee meeting will be held on Friday 2 December 2022 in person at the Community Conference Room, Bury Street Euroa, commencing at 9.30am.

8. MEETING CLOSE

The meeting closed at 11.20 am.

