

# Strathbogie Shire Council

## **Audit and Risk Committee Meeting Minutes**

6 October 2023 at 9.30 am  
At Euroa Conference Centre

Minutes of the meeting of the Strathbogie Shire Council Audit and Risk Committee held on Friday 6 October 2023, commencing at 9.30 am.

**Present**

Paul Ayton (Chair)	Community Representative
Alister Purbrick	Community Representative
Alistair Thomson	Community Representative
Cr Laura Binks (Mayor)	Council Representative
Cr Chris Raeburn	Council Representative

**Officers**

Julie Salomon	Chief Executive Officer
Amanda Tingay	Acting Director People and Governance
Michelle Bromley	Coordinator Governance and Record Management
Kerry Lynch	Governance Officer (Minutes)
Upul Sathurusinghe	Chief Financial Officer

**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**

Mark Freudenstein	Community Representative
Phillip Carruthers	Specialist Governance Advisor
Greg Underhill	Manager Digital Innovation and Technology
Rachael Frampton	Acting Director Community and Planning

**4. Disclosure of Interests**

CEO Julie Salomon declared a material interest in item (6.4) Chief Executive Officer Employment And Remuneration Policy.

**5. Confirmation of Minutes of Audit and Risk Committee held on 8 September 2023**

The minutes of the meeting held on 8 September 2023 were confirmed as an accurate record of the meeting.

**Moved:** Paul Ayton  
**Seconded:** Alistair Thomson  
**Carried**

## 6. BUSINESS

### 6.1 Procurement Policy and Procedure

The Procurement Policy in its current form was adopted by Council on 13 December 2022.

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 a four (4) year cycle.

The current policy is reviewed every 12 months however it is proposed that the schedule review becomes every two (2) years as our procurement maturity has developed.

While there is no change to the overall intent of the policy, there are a number of changes and inclusion of additional sections to further strengthen the Procurement Policy and Procedure as follows:

- Scheduled review date proposed to be every two years as opposed to every 12 months
- Section 7 – Conflict of interest regarding exemptions to procurement processes
- Section 8 – inclusion of “overall” best value and effective risk management
- Section 8 – update of values in line with current approved values
- Section 19 – inclusion of expenditure >\$1,000 - \$2,500 minimum two verbal quotes (must be documented)
- Section 20 – exemptions: inclusion of CEO may determine to refer a report to Executive Leadership Team and that support from the Procurement and Tenders Officer must be requested. Inclusion of conflict-of-interest declaration to be completed by relevant officers prior to exemptions being sought.
- Section 20 – exemption type inclusion of grant funded Community Projects <\$50,000 including GST
- Section 20 – addition of Probity Advisory services and all other legal advice (included in professional services unsuitable for tender exemption type)
- Section 20 – inclusion of Public Art in exemption type under \$50,000 including GST
- Section 22 – Inclusion of quotation and tender evaluation panels
- Section 25 – Inclusion of successful/unsuccessful quoter/tenderer notification

The Committee was satisfied with the changes but also recommends the following additions/changes:

- Edit sections on page 9, 12 and 16 (for typing and duplication of material errors)
- Page 17 – Procurement Threshold - change to read “issue a request in writing (letter or email) to all panel suppliers.....”
- Section 11 – Social Procurement – Officers clarified that the intention of the clause is defined in a Memorandum of Understanding (MOU) with the Taungurung Land and Waters Council, rather than a full agreement. For completeness it was suggested that the procurement policy should reflect this.

#### Motion:

**That the Committee notes the updated policy and procedure and recommends that Council adopts the draft updated Procurement Policy and Procedure noting the changes recommended above by the Audit and Risk Committee.**

**Moved: Alistair Thomson**  
**Seconded: Alister Purbrick**  
**Carried**

## 6.2 Fraud And Corruption Policy and Control System Procedures

This policy was rewritten in the context of a revised Australian Standard AS 8001:2021 as well as the *Financial Management Act 1994*, the *Integrity, and Accountability Legislation Amendment (Public Interest Disclosures, Oversight, and Independence) Act 2019* and Independent Broad-Based Anti-Corruption Commission (IBAC) Guidelines.

It outlines Council's zero tolerance approach to fraud and corruption and applies to all councillors, employees, council appointed committee members, contractors, volunteers and any agents and contractors either engaged by Council or by an authorised contractor of Council undertaking activity for or on behalf of the Council. The policy assigns responsibilities and accountabilities including mitigation, detection, and reporting mechanisms.

There are no substantive changes to the policy, however it will be further reviewed to reflect gender neutral language.

### Motion

**That the Committee notes the updated policy and control system procedures and recommends that Council adopts the draft updated Fraud and Corruption Policy and Control System Procedures, as attached to this report.**

**Moved: Cr Laura Binks**  
**Seconded: Alistair Thomson**  
**Carried**

## 6.3 Gifts, Benefits And Hospitality Policy

This policy was reviewed in the context of the *Local Government Act 2020* and the Local Government (Governance and Integrity) Regulations 2020.

It reinforces the principle that Councillors, Officers and Members of Delegated Committees should not accept a gift, benefit or hospitality if it could be perceived that this was intended to or was likely to influence them in the impartial and efficient discharge of their duties. The policy describes the types of gifts and circumstances which are applicable and provides an auditing and reporting regime. There are no substantive changes to the policy.

### Motion

**That Council notes the updated policy and recommends that Council adopts the draft updated Gifts, Benefits and Hospitality Policy, as attached to this report.**

**Moved: Paul Ayton**  
**Seconded: Alister Purbrick**  
**Carried**

## 6.4 Chief Executive Officer Employment And Remuneration Policy

CEO Julie Salomon left the meeting at 9.54 am, having declared a material conflict of interest.

Section 45 of the *Local Government Act 2020* requires Council to develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy.

This Policy was adopted by Council on 19 October 2021. As prescribed in the policy and in accordance with the *Local Government Act 2020*, the Chief Executive Officer Employment and Remuneration Committee comprises the Mayor, two Councillors and an independent external committee member. The independent member must have extensive qualifications and/or experience in senior executive performance reviews and an understanding of good governance practices and previous experience working with governance bodies or boards.

The Audit and Risk Committee is required to undertake an annual review of the policy in accordance with its Charter, in accordance with section 54 (2) (a) of the *Local Government Act 2020*. The annual review was required in October 2022, however the policy was not reviewed at that time. Relevant Officers have now reviewed the policy with minor changes made.

The Audit and Risk Committee recommends the following changes/additions be made to the policy to improve its intention:

- Section 5 – Membership – Although the makeup remains the same, the Independent Member is the chair, supported by the Mayor and two Councillors (one of which may be the immediate past Mayor (if practicable))
- Section 6 – Recruitment – should read “the independent member should have extensive experience in..... “
- Section 10 – include “seek feedback from the broader organisation, an example of this may include a 360 degree review or staff culture survey” in the clause relating to the discharging of duties (page 8)

CEO Julie Salomon returned to the meeting at 10.23 am.

#### **Motion**

**That the Committee notes the updated policy and recommends that Council adopts the draft updated Chief Executive Officer Employment and Remuneration Policy including the changes recommended above.**

**Moved: Paul Ayton**  
**Seconded: Alistair Thomson**  
**Carried**

#### **6.5 Councillor Expenses Policy**

The policy has been reviewed in the context of the *Local Government Act 2020* and the determinations of the Victorian Independent Remuneration Tribunal.

It details the duties of Councillors, the resources that are made available to them, the allowances they receive and the reporting regime on those allowances. The inclusion of a section detailing the Remote Area Travel Allowance which is determined by the Victorian Independent Remuneration Tribunal and applies to all Councillors across Victoria who meet the qualifying requirements has been added in addition to amendments to further strengthen and provide clarity of the policy.

The Audit and Risk Committee recommends the following additions/changes be made to the policy:

- Page 5 – document conference and training expenses separately
- Page 10 – Resources and Facilities - update language to reflect:
  - Mobile phone
  - Stationery

- access to photocopier/printer at the Euroa Civic Centre or Nagambie Visitor Information Centre
- Page 11 – remove reference to superannuation amount and replace with “An additional allowance equivalent to the superannuation guarantee contribution must also be paid to all Councillors”.
- Page 13 – Council resolution regarding a mayoral vehicle will read “Council may resolve to require a contribution to be deducted from the mayoral allowance to assist in covering the cost of operating the vehicle”
- Page 15 – 17.1 – will read “Councillors will be provided with communications equipment to ensure they can efficiently and effectively undertake their duties.

Councillors may decline the provision of Council IT equipment, provided they have suitable devices to access the Council network. Council will provide storage capacity (owned by Council or linked to Council infrastructure) for Councillors using private equipment when appropriate for Council business storage”.

- Page 15 – 17.2 – will read “As a minimum, the following will be offered to Councillors:
  - a smart phone
  - tablet or equivalent
  - access to a photocopier/printer at the Euroa Civic Centre or Nagambie Visitor Information Centre
  - internet connection to be provided through the smart phone or tablet”.
- Page 15 – Remove paragraph “It is recognised that Council may use....” and replace with “Printed documents are available on request and can be collected from the Euroa Civic Centre or the Nagambie Visitor Information Centre”.
- Page 22 – Councillor Online Presence – will read “Council will provide a web page on its website containing:
  - a photograph of the councillor
  - contact details
  - ward map
  - Council appointment, committee memberships and community and professional affiliations
  - a short bio of the councillors including professional memberships and associations”.

### **Motion**

**That the Committee notes the updated policy and recommends that Council adopts the draft updated Councillor Expenses Policy, including the changes recommended above.**

**Moved: Paul Ayton**  
**Seconded: Cr Laura Binks**  
**Carried**

## 6.6 Asset Management Policy

The Asset Management Policy sets out the intention of Council regarding Asset Management practises to be adopted. It provides a guide to the development of subsequent documents including the Asset Management Framework and Strategy and ultimately the basis on which to build the decision-making process.

Section 92 (1) of the *Local Government Act 2020* sets out the requirement for Councils to develop an Asset Plan.

- (1) Subject to subsection (6), a Council must develop, adopt, and keep in force an Asset Plan in accordance with its deliberative engagement practices.
- (2) The scope of an Asset Plan is a period of at least the next ten (10) financial years.
- (3) An Asset Plan must include the following:
  - (a) "information about maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning in relation to each class of infrastructure asset under the control of the Council"

The 2021-31 Asset Management Plan was adopted by Council in June 2022 and under section (6) of the *Local Government Act 2020* has effect from 1 July 2022.

As a recommendation from an internal audit undertaken in 2021, and as part of the broader asset management strategy, the revised and simplified Asset Management Policy represents our intention to bring together all the outputs from this work into a coherent, structured system based on world class standards, providing the basis for fact-based behaviours and decision-making.

Substantive changes have been made to the Asset Management Policy aligning it to the broader Asset Management Framework and Strategy.

The Audit and Risk Committee noted that Councillors accountabilities and responsibilities could be more robust and include asset preparedness/budgetary considerations and long term outcomes of projects in agenda review discussions with Councillors.

### Motion

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

**Moved: Alistair Thomson**  
**Seconded: Alister Purbrick**  
**Carried**

## 6.7 Rates Payment And Collection Policy and Procedure

At its meeting on 18 October 2022, Council adopted the Rates and Charges Collection and Hardship Policy. In December 2022, Council conducted an in-depth assessment of its rates and collection processes in collaboration with the internal auditors. The internal auditors recommended that a comprehensive review of the rates and collection policy be undertaken and to establish a clearly defined Council-approved policy for rate waivers and hardship. Their recommendation encompassed the following key elements:

- Criteria to evaluate requests for waivers



- References to other related policies, such as the Rate Budgeting And Notice Issuing Policy
- Authority responsible for assessing and granting waivers
- Duration for which waivers can be issued
- Requirements for periodic review of previously granted waivers and the re-application process for ratepayers seeking waivers
- Additionally, the internal auditors advised a reassessment of the current waivers to determine whether they should be classified as non-ratable properties rather than as waivers.

During this period of policy development and revision, the *Local Government Legislative Amendment (Rating and Other Matters) Act 2022* (the Act) came into effect on 1 July 2023. The policy has been updated to include references to this new Act. It is important to note that Ministerial guidelines for implementing the new Act are currently under development, as such further amendments may need to be made to the policy in accordance with these guidelines.

Key changes introduced by the Act include:

- Granting the Minister, the authority, in consultation with the Essential Services Commission, to issue guidance on how councils should handle ratepayers experiencing financial hardship
- Empowering the Minister, in collaboration with the Essential Services Commission, to set a maximum interest rate that can be applied to unpaid rates and charges, which was previously set at ten (10) percent.
- Imposing restrictions on councils use of Magistrate Court orders for the recovery of unpaid rates in cases where rates or charges have remained outstanding for two years or more
- Formalising payment plans as an alternative to the existing four-instalment system, allowing ratepayers to settle their outstanding rates and charges.

#### Motion

**That the Committee notes the policy and recommends that Council adopts the draft Rates Payment and Collection Policy and Procedure, as attached to this report.**

**Moved: Paul Ayton**  
**Seconded: Cr Laura Binks**  
**Carried**

#### 6.8 Rates Budgeting And Notice Issuing Policy and Procedure (New)

Council undertook a comprehensive evaluation of its rate structures and collection procedures in cooperation with its internal auditors. The internal auditors have recommended that Council undertake a review of the rates and collection policy parameters to provide a clear framework for:

1. The annual rate setting process
2. The subsequent issuing of notices
3. Internal controls in relation to that process

The Policy outlines the roles and responsibilities as well as internal control measures that are applicable to both the rate setting and notice issuing process. Specifically, the Policy aims to achieve the following objectives for setting up rates and notice issuing procedures:



- Close the policy gap for rate setting process
- Clearly identify the responsibilities of each party
- Clearly define officer roles involved in the process
- Identify internal controls and approvals for rate notice issuing process

The Policy is applicable to the formulation of rates imposed by the Council, encompassing the Fire Service Levy. Additionally, it extends to cover the procedure for issuing rate notices.

Establishing a well-defined policy framework will mitigate errors within these processes and offer precise guidance for their execution.

The Audit and Risk Committee recommends the following changes/additions to the draft policy:

- Page 7 – more precision around reconciliation processes – the clause will now read:

“Once the Rates and Revenue Coordinator is happy with proof copies, share approved third party contractor email of proof and examples to be tested with the CFO for final proof testing and approval including reconciliation of dollar value, number of assessments and notices against Councils property system. Once the CFO approves, the approved third party contractor will be given the go ahead to produce and distribute Notices”.

### Motion

**That the Committee notes the new policy and procedure and recommends that Council adopts the draft Rates Budgeting and Notice Issuing Policy and Procedure, noting the change recommended by the Audit and Risk Committee.**

**Moved: Alister Purbrick**  
**Seconded: Alistair Thomson**  
**Carried**

## 6.9 Information Security Policy

Strathbogie Shire Council's appetite for management of information risk is to operate effective controls to safeguard the confidentiality, integrity, quality and availability of customer, personnel and business information by continually enhancing its information security capability.

Council adopted its current Information Security Policy in December 2019. A review has recently been conducted and there are no substantive changes. Where possible, the policy continues to align with the ISO 27001:2015 standard for information security management systems.

This policy development was undertaken with consideration to the following:

- *Victorian Privacy and Data Protection Act 2014*
- Public Record Office Victoria
- Victorian Protective Data Security Framework
- Victorian Protective Data Security Standards
- Australian Cyber Security Centre Information Security Manual

This Policy is designed to enable Strathbogie Shire Council to:

- Maintain the security, privacy and quality of its information and that of its customers and other stakeholders
- Manage information risk within appetite, while ensuring that Strathbogie Shire Council's business objectives are met
- Meet regulatory requirements and expectations relating to information risks.

All business units must implement the minimum baseline of controls prescribed in this Policy to manage information risk. Additional controls may be implemented if deemed necessary (e.g., to manage the risk profile of Strathbogie Shire Council, to meet any regulations or contractual arrangements).

There were no substantive changes to the Information Security Policy.

### **Motion**

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

**Moved: Paul Ayton**  
**Seconded: Cr Laura Binks**  
**Carried**

### **6.10 Investment and Cash Management Policy**

The Strathbogie Shire Council is committed to ensuring that its investments and cash management meet policy guidelines for legal and legislative requirements and that financial resources are managed in an appropriate, open and transparent manner.

Council staff who have been delegated authority to invest Council funds must ensure that all funds invested meet the requirements as set out in this policy. Any decision must be as per the delegation of authority and taken in full compliance with the Council's legal obligations.

Delegation of authority is provided as per the Strathbogie Shire Council Instrument of Sub-Delegation by the Chief Executive Officer in relation to both investing funds and authorisation limits for sending funds via Electronic Funds Transfer (EFT).

Strathbogie Shire Council seeks a balanced investment portfolio which aims to deliver enhanced returns whilst providing security, convenience and easy access to funds as cash flow requirements and Council investment decisions change.

A review of the policy has been undertaken by Officers with minor changes made.

The Committee questioned the governance around an authorised deposit-taking institute (ADI). The Chief Financial Officer confirmed that the Australian Prudential Regulation Authority (APRA) is responsible for the prudential regulation of, and developing prudential policy for, authorised deposit-taking institutions.

Clarification was also sought around item (5) - Suitable Investments - which refers to "an eligible money market dealer within the meaning of the *Corporations Act 2001*". Money market dealer has since been included in the definitions section of the policy and means a body corporate declared by ASIC to be an authorised dealer in the short term money market by notice published in the *Gazette*.

**Motion**

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

**Moved: Cr Laura Binks**  
**Seconded: Cr Chris Raeburn**  
**Carried**

**6.11 Review of Audit and Risk Charter**

Under section 54 (1) of the *Local Government Act 2020* Council must prepare and approve an Audit and Risk Committee Charter. The Audit and Risk Committee reviewed and endorsed the Charter at the meeting held on 2 December 2022, and the Charter was adopted by Council in March 2023.

Following on from the review of Council's Governance Rules in July 2023 and the Audit and Risk Committee Strategic Workshop held in July 2023, several amendments to the Charter have been identified and it is recommended that they are incorporated into the Audit and Risk Committee Charter.

The changes/additions to the Charter adopted in March 2023 were presented to the Audit and Risk Committee for consideration, and the following recommendation was made:

- Page 5 – Section 3.1 – delete “Councillor(s) may attend meetings as observers” and add “Anyone in the community may attend meetings as observers, however meeting papers will not be available”.

The Audit and Risk Committee also noted that consideration be given to regular rotation of Councillors onto the Audit and Risk Committee so as to gain experience across the broad range of governance expectations and obligations faced by Council.

**Motion**

**That the Committee notes the updated Audit and Risk Committee Charter and recommends that Council adopts the Audit and Risk Charter, noting the change above.**

**Moved: Paul Ayton**  
**Seconded: Cr Chris Raeburn**  
**Carried**

**6.12 Policy Audit Update – for information**

The report was noted.

**6.13 Introduction to Cr Weatherald**

The Audit and Risk Committee members were formally introduced to Cr Weatherald as part of his formal Councillor induction.

#### **6.14 Updates to VAGO External Audit**

The Director People and Governance notified the Audit and Risk Committee of a number of minor changes to the 2022/2023 Financial and Performance Statements following the completion of the external audit by Crowe Australasia. The following minor changes have occurred since the Audit and Risk Committee endorsed the 2022/2023 Financial and Performance Statements at their meeting on 8 September 2023:

- Note 5.3 Payables, trust funds and deposits and unearned income/revenue – additional note provided for purpose and nature.
- Note 5.7 – Commitments table updated – excluded waste contract value as this is recorded under right of use asset/liabilities.
- Note 7.1 Council and key management remuneration – 2021/2022 comparatives on remuneration of other senior staff updated to reflect new definition.
- Note 7.2 Related party disclosures – note added for nature of Caravan park commitment.

In addition minor changes were made to the Performance Statement, including an error in figures provided by Goulburn Valley Libraries with the correct data now reflected in the statement and strengthening of comments as recommended by Local Government Victoria.

#### **7. NEXT MEETING**

The next Audit and Risk Committee meeting will be held on Monday 27 November 2023 at the Community Conference Room, Bury Street Euroa, commencing at 9.30am.

#### **8. MEETING CLOSE**

The Meeting closed at 11.30 am.

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