



# Minutes

Meeting of the Audit & Risk Committee  
Thursday, 7 September 2017

Held in the  
Council Chambers  
1 Merrijig Drive, Torquay  
Commencing at 9.00am

*(Members only / Internal and External Auditors session commencing at 8.30am)*

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MINUTES FOR THE AUDIT & RISK COMMITTEE MEETING  
HELD IN THE COUNCIL CHAMBERS, 1 MERRIJIG DRIVE, TORQUAY  
ON THURSDAY 7 SEPTEMBER 2017 COMMENCING AT 9.00AM

**MEMBERS ONLY / AUDITORS (INTERNAL & EXTERNAL) SESSION** (*Commencing at 8:30am*):

**PRESENT:**

**Committee Members:**

Cr Clive Goldsworthy  
Cr Margot Smith (via teleconference until 9:30am)  
Brian Keane (Chair) (Term expires 01/02/2020)  
Melissa Field (Term expires 01/02/2020)  
John Gavens (Term expires 27/01/2018)  
Debra Russell (Term expires 27/01/2018)

**In Attendance:**

Keith Baillie – Chief Executive Officer  
Anne Howard – General Manager Governance & Infrastructure  
John Brockway – Manager Finance  
Wendy Hope – Manager Governance & Risk  
Maureen White – Coordinator Risk Management & Legal Services  
Danielle Foster – Coordinator Governance & Corporate Planning  
Candice Holloway – Team Leader Governance  
Lori Lee – Systems Accountant  
Tracey McCarthy – Coordinator Financial Accounting  
Gabrielle Spiller – Coordinator Management Accounting  
Brendan Walsh – Manager Business Improvement

Matthew Green (Grant Thornton)  
Katherine Shamaï (Grant Thornton)  
Tim Loughnan (VAGO)  
Sanchu Chummar (VAGO)

**APOLOGIES:**

Nil.

Cr Smith participated in the meeting until 9:30am via teleconference but did not participate in formal voting in this meeting.

**CONFIRMATION OF MINUTES:**

**Committee Resolution**

**MOVED Mr Brian Keane, Seconded Mr John Gavens**

That the Audit & Risk Committee Meeting note the minutes of the meeting held on 16 May 2017 as a correct record of the meeting.

CARRIED 5:0

**CONFLICTS OF INTEREST:**

Nil.

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**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:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/803

**Appendix:**

1. Outstanding Issues & Actions - Status Log - August 2017 (D16/1527)
2. Outstanding Issues & Actions Report - 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

### **Purpose**

The purpose of this report is 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 red and will be removed from the report when the whole of that section has been completed.

### **Recommendation**

That the Audit & Risk Committee receive the Outstanding Issues & Actions Report and note the progress to date.

### **Meeting Discussion**

- Committee reiterated the importance of allocating realistic action target dates in an effort to reduce the number of items rolled forward and overdue.
- Items relating to Road Management Review will be reported as closed in November 2017.
- Item No. 30 - Gifts & Hospitality Register – a response was emailed to committee members prior to the meeting advising the Gift Policy is due for review in August 2017. Response be incorporated into the report.

### **Committee Resolution**

#### **MOVED Ms Melissa Field, Seconded Cr Clive Goldsworthy**

That the Audit & Risk Committee receive the Outstanding Issues & Actions Report and note the progress to date.

CARRIED 5:0

## 2. PRESENTATIONS

### 2.1 Chief Executive Officer's Update

**Charter Reference:** N/A

**Author's Title:** Chief Executive Officer

**CEO:** Keith Baillie

**Department:** Office of the CEO

**File No:** F17/145

**Division:** Office of the CEO

**Trim No:** IC17/802

**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

#### **Purpose**

The purpose of this report is 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**

The CEO discussed the following:

- Pleased with year-end operating, capital and operational projects and business improvement result.
- Statutory planning is a particular focus for Council. The statistics continue to improve with the ongoing reform in progress.
- Council Plan 2017 – 2021 is now in place and Council to consider the action plan at the 26 September 2017 Council Meeting.
- Some challenging governance situations in recent months:
  - Rainbow Flag and Social Media – largely resolved and moving forward.
  - Bellbrae NBN Tower – where Council did not carry a motion; this needs to be resolved at 12 September 2017 Special Meeting.
- Lessons will be considered as part of the review of the Local Law No. 2 - Council Meeting Procedures and Common Seal. The Council meeting agenda order has also been updated to better indicate when Council is sitting as the Responsible Authority or Planning Authority.
- Special refresher Governance session for Councillors scheduled with Terry Bramham (Macquarie Lawyers) on 26 September 2017, where these matters will be discussed. The session will also cover key learnings from recent VAGO, Inspectorate and Ombudsman reports, in particular in relation to Central Goldfields and Ararat. Brian Keane (Chair) queried if Audit & Risk Committee members could also attend this session. The CEO will discuss with the Mayor and advise.
- Other particular highlights are the upcoming Planning system go-live and the appointment of the Customer Experience Coordinator.

#### **Committee Resolution**

**MOVED Mr John Gavens, Seconded Ms Debra Russell**

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

CARRIED 5:0

## 2.2 Business Improvement Program - Status Report

**Charter Reference:** N/A

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

**Department:** Business Improvement **File No:** F16/881

**Division:** Environment & Development **Trim No:** IC17/1021

**Appendix:**

1. **CONFIDENTIAL** Business Improvement Program Update - August 2017 (D17/92222)

**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

### Purpose

The purpose of this report is to receive an update on activities associated with the Business Improvement Program.

A briefing was last provided on the Business Improvement Program at the May 2017 Audit & Risk Committee meeting.

This report provides an update on the progress of the program including the 2017/18 work plan.

### Recommendation

That the Audit & Risk Committee receive and note the Business Improvement Program update.

### Meeting Discussion

- Discussed the transfer of the Winchelsea Independent Living Units to Hesse Rural Health.

### Committee Resolution

**MOVED Ms Melissa Field, Seconded Mr John Gavens**

That the Audit & Risk Committee receive and note the Business Improvement Program update.

CARRIED 5:0

## 2.3 Digital Transformation Update

**Charter Reference:** N/A

**Author's Title:** General Manager Governance & Infrastructure      **General Manager:** Anne Howard

**Department:** Governance & Infrastructure      **File No:** F17/145

**Division:** Governance & Infrastructure      **Trim No:** IC17/872

**Appendix:**

1. Digital Transformation Program Monthly Dashboard - July 2017 (D17/84387)
2. Digital Transformation Program Monthly Dashboard - August 2017 (D17/95585)

**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

### Purpose

The purpose of this report is to receive an update on the digital transformation strategy.

### Recommendation

That the Audit & Risk Committee receive and note the digital transformation update.

### Meeting Discussion

- Reporting format and timing has now been established with Council.
- The Committee indicated that the report format reflected what it expected and is happy to receive the same format.
- The Project Control Group is meeting regularly and will shortly be joined by Dr Michael Hobbs from Deakin University.
- The current priorities are:
  1. Core system improvements
  2. Customer experience
  3. Recruitment of the project team.
- Officers advised that the works teams have now transitioned off WRR system and over the Authority which is a key achievement to be able to implement a number of actions arising from the Road Management Audit.
- The online planning system is due to go live on 1 October 2017 and the vendor is providing good support as we near this key date.

### Committee Resolution

**MOVED Ms Debra Russell, Seconded Ms Melissa Field**

That the Audit & Risk Committee receive and note the digital transformation update.

CARRIED 5:0

### 3. RISK MANAGEMENT

#### 3.1 Workplace Health & Safety Report - Quarter 4 2016 - 2017

**Charter Reference:** N/A

**Author's Title:** Manager People & Culture

**General Manager:** Chris Pike

**Department:** People & Culture

**File No:** F15/199

**Division:** Culture & Community

**Trim No:** IC17/919

**Appendix:**

1. **CONFIDENTIAL** Workplace Health & Safety Report - Quarter 4 2016 - 2017 (D17/93642)

**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

#### **Purpose**

The purpose of this report is to receive an update on actions and outcomes relating to Workplace Health & Safety for the period Quarter 4 2016 - 2017.

#### **Recommendation**

That the Audit & Risk Committee receive and note the Workplace Health & Safety Report for the period Quarter 4 2016 - 2017.

#### **Meeting Discussion**

- Item noted and taken as read.

#### **Committee Resolution**

**MOVED Mr Brian Keane, Seconded Mr John Gavens**

That the Audit & Risk Committee receive and note the Workplace Health & Safety Report for the period Quarter 4 2016 - 2017.

CARRIED 5:0



### 3.2 Enterprise Risk Management Report

**Charter Reference:** 9.5

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

**Department:** Governance & Risk  
**File No:** F17/205

**Division:** Governance & Infrastructure  
**Trim No:** IC17/931

**Appendix:**

1. Enterprise Risk Management Report - September 2017 (D17/92751)
2. SCS 021 Risk Management - Approved 23 August 2016 (D17/92756)

**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

#### Purpose

The purpose of this report is to present the Enterprise Risk Management Report.

The report includes:

- a) Risk Profile
- b) Strategic Risks – Current Rating Serious or High – work in progress includes starting to assess and note control effectiveness and evidence.
- c) Operational Risks – Current Rating Serious
- d) Risk Treatment Action Status
- e) New and Emerging Risks
- f) Risk Management Improvement Activities

The Risk Management Policy has been reviewed with no changes being recommended at this time. The policy is due for full review in August 2018.

#### Recommendation

That the Audit & Risk Committee receive and note the Enterprise Risk Management Report and Risk Management Policy.

#### Meeting Discussion

- Discussion on the treatments listed as behind schedule. The report to be updated to record any recent action.
- No changes to the SCS 021 Risk Management Policy recommended by the committee.
- Discussed risk appetite statement and its utilisation during decision-making and when assessing risks.

#### Committee Resolution

**MOVED Mr John Gavens, Seconded Ms Debra Russell**

That the Audit & Risk Committee receive and note the Enterprise Risk Management Report and Risk Management Policy.

CARRIED 5:0

#### 4. AUDIT REPORTS

##### 4.1 Internal Auditor Status Report (Grant Thornton)

**Charter Reference:** 9.2.3

**Author's Title:** Manager Governance & Risk

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/934

**Appendix:**

1. Grant Thornton Internal Audit Status Report - September 2017 (D17/94941)

**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

#### **Purpose**

The purpose of this report is for Grant Thornton to provide an update on the status of internal audit activities.

#### **Recommendation**

That the Audit & Risk Committee receive and note the update from Grant Thornton.

#### **Meeting Discussion**

- The Committee indicated the preference for the Human Resources (HR) Audit to be brought forward. HR Review to be listed as agenda item for the 21 November 2017 Audit & Risk Committee meeting.
- Feedback has been provided to officers on the annual performance questionnaire.

#### **Committee Resolution**

**MOVED Ms Debra Russell, Seconded Mr John Gavens**

That the Audit & Risk Committee receive and note the update from Grant Thornton.

CARRIED 5:0

## 4.2 External Auditor Update (Victorian Auditor General's Office)

**Charter Reference:** 9.1.2

**Author's Title:** Manager Finance

**General Manager:** Anne Howard

**Department:** Finance

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/876

**Appendix:**

1. Draft Final Management Letter - Annual Financial Statements & Performance Report 2016 - 2017 (D17/100567)
2. Closing Report - 30 June 2017 (D17/100565)

**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

### Purpose

The purpose of this report is to receive a verbal update from the External Auditors (VAGO).

### Recommendation

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

### Meeting Discussion

- Discussed related parties and additional requirement. VAGO satisfied with process undertaken.
- Discussed adjusted material dollar differences – financial report.

### Committee Resolution

**MOVED Ms Melissa Field, Seconded Ms Debra Russell**

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

CARRIED 5:0

### 4.3 Strategic Internal Audit Plan 2018 - 2020

**Charter Reference:** 9.2.7

**Author's Title:** Manager Governance & Risk

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/804

**Appendix:**

1. Final Strategic Internal Audit Plan FY2018 - Grant Thornton (D17/85539)

**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

#### **Purpose**

The purpose of this report is to present the final version of the Strategic Internal Audit Plan 2018 - 2020 for formal adoption

The plan was previously provided at 16 May 2017 Audit & Risk Committee Meeting. Emailed feedback received from members has now been incorporated.

#### **Recommendation**

That the Audit & Risk Committee adopt the Strategic Internal Audit Plan 2018 - 2020.

#### **Meeting Discussion**

- Discussed the benefits of undertaking a Governance Audit. Governance Session for Councillors scheduled with Terry Bramham (Macquarie Lawyers) on 26 September 2017 should highlight learnings. Council governance, HR and cyber security reviews to be listed as agenda item at the 21 November 2017 Audit & Risk Committee meeting.
- Discussed cyber security.

#### **Committee Resolution**

**MOVED Ms Debra Russell, Seconded Mr Brian Keane**

That the Audit & Risk Committee endorse Year 1 of the Strategic Internal Audit Plan 2018 – 2020 and undertake a further review of Years 2 and 3 at the 21 November 2017 Audit & Risk Committee Meeting .

CARRIED 5:0

#### 4.4 Oversight Agencies Performance Audit Report May - August 2017

**Charter Reference:** 9.9.3

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

**Department:** Governance & Risk      **File No:** F17/205

**Division:** Governance & Infrastructure      **Trim No:** IC17/936

**Appendix:**

1. Oversight Agencies Performance Audit Report - August 2017 (D17/93358)

**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

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**Purpose**

The purpose of this report is to present the Performance Audit Reports from the various external oversight agencies to identify learnings for Council.

Full copies of the reports can be located at the relevant websites.

**Recommendation**

That the Audit & Risk Committee receive and note the Oversight Agencies Performance Audit Report for May to August 2017.

**Meeting Discussion**

- Report into fraud at Bendigo TAFE raised and will be considered by officers.

**Committee Resolution**

**MOVED Mr John Gavens, Seconded Ms Melissa Field**

That the Audit & Risk Committee receive and note the Oversight Agencies Performance Audit Report for May to August 2017.

CARRIED 5:0

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## 5. FINANCIAL REPORTS

### 5.1 Monthly Finance Report - July 2017

**Charter Reference:** 9.6

**Author's Title:** Manager Finance

**General Manager:** Anne Howard

**Department:** Finance

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/889

**Appendix:**

1. Monthly Finance Report - July 2017 (D17/94927)

**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

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**Purpose**

The purpose of this report is to present the latest monthly finance report and briefing report to the Audit and Risk Committee for noting.

**Recommendation**

That the Audit & Risk Committee receive and note the monthly finance report and briefing report.

**Meeting Discussion**

- Item noted and taken as read.

**Committee Resolution**

**MOVED Mr Brian Keane, Seconded Cr Clive Goldsworthy**

That the Audit & Risk Committee receive and note the monthly finance report and briefing report.

CARRIED 5:0

## 5.2 Annual Financial Statements 2016 - 2017

**Charter Reference:** 9.6.5

**Author's Title:** Manager Finance

**CEO:** Anne Howard

**Department:** Finance

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/877

### Appendix:

1. Financial Statements 2016 - 2017 (D17/101071)

### 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

### Purpose

The annual financial accounts for the year ended 30 June 2017 are being prepared by Council officers for review by the Victorian Auditor-General's appointed auditors, VAGO during the week commencing 21 August 2017. 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 Special Council Meeting scheduled on 12 September 2017.

### Recommendation

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2016 - 2017 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 2016 - 2017 Performance Statement in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2016 - 2017 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 2016 - 2017 Financial Statements be reviewed by the two authorised Councillors prior to signing.

### Meeting Discussion

- Response to questions from committee members were provided by email prior to the meeting. Officers to send a copy of the response to VAGO.
- Items relating to Cr David Bell and Cr Margot Smith related parties disclosure were discussed during the 8:30am confidential session and answers appropriately given.

### Committee Resolution

#### **MOVED Mr John Gavens, Seconded Ms Melissa Field**

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2016 - 2017 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 2016 - 2017 Financial Statements in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2016 - 2017 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 2016 - 2017 Financial Statements be reviewed by the two authorised Councillors prior to signing.

CARRIED 5:0

### 5.3 Performance Statement 2016 - 2017

**Charter Reference:** 9.9.4

**Author's Title:** Coordinator Governance &  
Corporate Planning

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/909

**Appendix:**

1. Performance Statement 2016 - 2017 (D17/59055)

**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

#### **Purpose**

The purpose of this report is to provide the annual Surf Coast Shire Performance Statement for the year ended 30 June 2017. This statement has been prepared by Council officers for review by the Victorian Auditor-General's appointed auditors (VAGO) during the week commencing 21 August 2017.

#### **Background**

The performance statement is consistent with the requirements of the Local Government (Planning and Reporting) Regulations 2014. The statement also reflects the Local Government (Planning and Reporting) Amendment Regulations 2017 which came into operation on 1 July 2017 and which apply to annual reports for the 2016 – 2017 financial year.

The amending regulations remove Council's requirement for reporting against Home and Community Care (HACC) Indicators and include the introduction of VicSmart planning provisions when reporting Council's performance in processing planning applications within required timeframes, when preparing the performance statement for 2016 - 2017.

Section 132 of the Local Government Act (the Act) requires Council to approve in principle the Performance Statement prior to submission to the Auditor-General for final review. In accordance with the Act and industry best practice, the Audit and Risk Committee is now requested to review the statements prior to making a recommendation for Council to adopt in principle.

It is anticipated that VAGO will be in a position to provide the Committee with feedback at the September 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 Special Council Meeting scheduled on 12 September 2017.

#### **Recommendation**

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2016 - 2017 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 2016 - 2017 Performance Statement in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2016 - 2017 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 2016 - 2017 Performance Statement be reviewed by the two authorised Councillors prior to signing.

#### **Meeting Discussion**

- Discussed the Customer Satisfaction Survey.



### 5.3 Performance Statement 2016 - 2017

#### Committee Resolution

#### **MOVED Mr John Gavens, Seconded Ms Debra Russell**

That the Audit & Risk Committee recommend that Council:

1. Adopt 'in principle' the 2016 - 2017 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 2016 - 2017 Performance Statement in accordance with Section 132(5) of the Local Government Act 1989.
3. Require the 2016 - 2017 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 2016 - 2017 Performance Statement be reviewed by the two authorised Councillors prior to signing.

CARRIED 5:0

## 6. OTHER REPORTS

### 6.1 Adoption of Council Plan (incorporating the Health and Wellbeing Plan and Strategic Resource Plan) 2017 - 2021

**Charter Reference:** N/A

**Author's Title:** Coordinator Governance & Corporate Planning

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F15/1705

**Division:** Governance & Infrastructure

**Trim No:** IC17/801

#### Appendix:

1. Council Plan - Plan on a Page - Designed Version (D17/51596)

#### 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

#### Purpose

The purpose of this report is to provide an update on the development and adoption of the Council Plan (incorporating the Health and Wellbeing Plan) 2017 – 2021, hereafter referred to as the Council Plan.

#### Exhibition and Adoption of the Plan

Further to the report presented to the Audit and Risk Committee on 16 May 2017, the Hearing of Submissions Committee met on Tuesday 30 May 2017 to consider 13 submissions received following public exhibition of the draft Council Plan.

Common themes identified in the submissions received included:

- Service planning, performance and accountability
- Support for the arts
- Provision of appropriate facilities to support a growing community
- Collaborative partnerships
- Preserving and enhancing the natural environment
- Community connections.

Minor amendments to the draft Council Plan were incorporated as result of the submissions process.

In addition a number of wording and structural changes were identified by Council officers during the exhibition period and incorporated into the Council Plan to provide further clarification of meaning in relation to the strategies and ensure that the identified outcomes under each objective are measurable and achievable.

The final Council Plan was adopted by Council at the Ordinary Council Meeting held on 27 June 2017 refer Surf Coast Shire [Council Plan \(incorporating Health and Wellbeing Plan\) 2017 – 2021](#).

A summary version of the Plan is attached at Appendix 1.

#### Next Steps

Officers are currently in the process of developing a four year action plan to deliver the Council Plan. This will be reviewed annually and presented to an Ordinary Meeting of Council for endorsement prior to the annual budget preparation process.

#### Recommendation

That the Audit & Risk Committee note Council's progress in development and adoption of the Council Plan (incorporating the Health and Wellbeing Plan) 2017 - 2021.

**6.1 Adoption of Council Plan (incorporating the Health and Wellbeing Plan and Strategic Resource Plan) 2017 - 2021**

**Meeting Discussion**

- Item noted and taken as read.

**Committee Resolution**

**MOVED Ms Melissa Field, Seconded Mr John Gavens**

That the Audit & Risk Committee note Council's progress in development and adoption of the Council Plan (incorporating the Health and Wellbeing Plan) 2017 - 2021.

CARRIED 5:0

## 6.2 Fraud & Corruption Strategies

**Charter Reference:** 9.8.1

**Author's Title:** Manager Governance & Risk

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/593

**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

### Purpose

The purpose of this report is 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.

The focus in the last 12 months has been on development of training and awareness materials. For example fraud awareness, probity and procurement training have now been rolled out to staff for completion. Conflict of Interest and Information Privacy training packages are now being developed. Other improvements include reviews of Council's Codes of Conduct (staff and Councillors), reviews of governance policies and development of a process for mandatory reporting of suspected corrupt conduct.

Strategy/ Program	General Background	Progress and Updates since February 2017
Staff Code of Conduct	First reference point and guide for all matters involving conduct and ethics and 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.	A model clause in relation to ensuring child safety has been included in the staff Code of Conduct and training rolled out to staff through iLearn.
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.	Final version approved at a Special Council meeting on 24 January 2017. All Councillors have signed as per the legislation.
IBAC Mandatory Notification	New provisions require the CEO to report suspected or actual corrupt conduct to IBAC.	Reporting procedure for mandatory notification to IBAC developed and flowcharted (as presented at the February 2017 Audit and Risk Committee meeting).  Matrix developed to track any matters that are reported and action taken. To date no reportable incidents have been notified.  Process included in relevant policies.

## 6.2 Fraud & Corruption Strategies

Strategy/ Program	General Background	Progress and Updates since February 2017
Reporting	<p>A process is in place to guide investigation of complaints which could include internal or external investigation/reporting.</p> <p>Processes to protect those making protected disclosures are in place.</p>	<p>As with FY2016, a fraud checklist has been circulated to Managers to enable reporting of suspected or actual fraudulent activity during the previous financial year. No instances of suspected fraud were reported by Managers.</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"> <li>Application</li> <li>Definitions</li> <li>Roles and Responsibilities</li> <li>Education and Awareness</li> <li>Control Planning</li> <li>Prevention</li> <li>Detection</li> <li>Response.</li> </ul> <p>Policy was reviewed by the Audit and Risk Committee and Policy Review Sub-Committee and was adopted by Council at its meeting on 23 August 2016.</p>	<p>Process for mandatory reporting of suspected corrupt conduct to IBAC developed.</p> <p>A matrix to track reports of suspected corrupt conduct and any subsequent actions has been developed. To date no issues have met the criteria in relation to the requirement to report to IBAC.</p>
Fraud and Corruption Control Plan	<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.</p> <p>Fraud risks were transferred from the Fraud Plan into the risk register with the relevant treatment plans assigned. Managers continue to 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 is 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 FYs14-15, 15-16 and 16-17.</p>	<p>Due for review in late 2017 and will be most likely ready for the February 2018 meeting.</p>

## 6.2 Fraud & Corruption Strategies

Strategy/ Program	General Background	Progress and Updates since February 2017
Fraud awareness training	<p>Over the past eighteen months fraud awareness and conflict of interest training has been delivered in a face-to-face format which has meant slow progress.</p> <p>To date 73 staff members have received the face-to-face training.</p> <p>A new approach has been taken utilising Council's iLearn system.</p>	<p>A fraud awareness e-learning training package has been developed and rolled out to staff through Council's i-Learn system. A process is in place to ensure staff without computer access can complete.</p> <p>Reminders will be issued to those who have not completed by the end of October 2017. New staff will receive a request to complete the training within one month of commencement.</p> <p>Face-to-face fraud awareness training was provided to Community Care Workers in August 2017.</p> <p>JLT insurance brokers carried out fraud and cyber awareness training for the Leadership Group and other key staff in March 2017.</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 available on the website for the community, along with guidelines.</p>	<p>Protected Disclosure policy reviewed by the Audit and Risk Committee in May 2017 and adopted by EMT.</p> <p>Updated information uploaded to Council's website.</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 – last review August 2016.</p> <p>Conflict of interest declarations are a standard requirement during the tendering process.</p>	<p>A 'Probity in Procurement' training package was rolled out in May through iLearn as mandatory training for staff with financial delegations or purchasing responsibilities. Completed by 82 key staff members and reminders sent to remaining 13.</p> <p>A suite of mandatory procurement training modules have been sent out through iLearn and are being completed by relevant staff.</p> <p>Standard Operating Procedures and flowcharted process developed for tenders and is going through approval process.</p> <p>A dedicated procurement page with links to relevant documents and training materials has been set up on the Intranet.</p>
<b>Strategy/ Program</b>	<b>General Background</b>	<b>Progress and Updates since February 2017</b>

## 6.2 Fraud & Corruption Strategies

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.	<p>Controls relating to purchasing were found to be inadequate and posed a fraud risk.</p> <p>This is being addressed through online requisition system and AP workflow.</p> <p>An internal audit review process is underway.</p> <p>Included in Council's risk register.</p>
Use of Equipment and Resources	An internal audit was completed last year following the release of IBAC's 2015 report into corrupt conduct at council depots.	As a result of the audit small plant and equipment is barcoded and a register maintained.

### Recommendation

That the Audit & Risk Committee receive and note the Fraud and Corruption Strategies report.

### Meeting Discussion

- Discussed compliance, fraud and corruption, privacy and conflict of interest training.

### Committee Resolution

**MOVED Cr Clive Goldsworthy, Seconded Mr John Gavens**

That the Audit & Risk Committee receive and note the Fraud and Corruption Strategies report.

CARRIED 5:0

### 6.3 Audit & Risk Committee Annual Report 2016 - 2017

**Charter Reference:** 9.9.5

**Author's Title:** Manager Governance & Risk

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/871

**Appendix:**

1. Audit and Risk Committee Annual Report 2016 - 2017 (D17/68992)

**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

#### **Purpose**

The purpose of this report is to present the Audit and Risk Committee Chair's Annual Report 2016 - 2017 for formal adoption by the Audit and Risk Committee before being presented to Council for noting.

The report has been circulated via email to members for comment and is now attached at Appendix 1.

#### **Recommendation**

That the Audit & Risk Committee adopts the Annual Report for 2016 - 2017 and forwards this to the next available Council meeting for noting.

#### **Meeting Discussion**

- Item noted and taken as read.

#### **Committee Resolution**

**MOVED Ms Melissa Field, Seconded Mr John Gavens**

That the Audit & Risk Committee adopts the Annual Report for 2016 - 2017 and forwards this to the next available Council meeting for noting.

CARRIED 5:0



## 6.4 Self-Assessment of Audit & Risk Committee Performance

**Charter Reference:** 9.10.3

**Author's Title:** Manager Governance & Risk

**General Manager:** Anne Howard

**Department:** Governance & Risk

**File No:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/613

### Appendix:

1. Draft Committee Self-Assessment Questionnaire (D15/58544)

#### 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

### Purpose

The purpose of this report is to present a draft self-assessment questionnaire for Audit & Risk Committee members (and management), for the Committee to provide feedback and make suggestions for any changes.

The results will be collated and provided to the Committee at the next available meeting.

The draft questionnaire is attached at Appendix 1.

### Recommendation

That the Audit & Risk Committee approves the format of the self-assessment questionnaire for distribution and reporting of results at the next Committee meeting.

### Meeting Discussion

- Questionnaire to include a scale from 1 – 5 instead of yes or no.
- Questions to be numbered.

### Committee Resolution

#### **MOVED Cr Clive Goldsworthy, Seconded Ms Debra Russell**

That the Audit & Risk Committee approves the format of the self-assessment questionnaire for distribution and reporting of results at the next Committee meeting.

CARRIED 5:0

## 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:** F17/145

**Division:** Governance & Infrastructure

**Trim No:** IC17/806

**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

### Purpose

The next meeting is scheduled to be held on **Tuesday, 21 November 2017 from 9.00 – 11.30am.**

The purpose of this report is to present the proposed Agenda outline for this meeting which is as follows:

- Outstanding Issues & Actions
- Presentations
  - Chief Executive Officer's Update
  - Business Improvement Update
  - Digital Transformation Update
- Risk Management
  - Workplace Health & Safety Report
  - Enterprise Risk Management Report
- Audit Reports
  - Internal Auditors Update (Grant Thornton)
  - External Audit Update (VAGO)
  - Oversight Agencies Performance Audit Report
- Financial Reports
  - Monthly Finance Report
- Other Reports
  - Review SCS 013 Sale of Council Land Policy
  - Review the Audit & Risk Committee Charter
  - Committee Membership
- 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 Tuesday, 21 November 2017 from 9.00 – 11.30am.

### Meeting Discussion

- The following agenda items to be added:
  1. Further discussion on the Strategic Internal Audit Plan 2018 – 2020 including Human Resources, Cyber Security and Council Governance Reviews
  2. Results of the Internal Audit Satisfaction Survey.
  3. Results of the Committee Self-Assessment Survey.

### Committee Resolution

**MOVED Mr Brian Keane, Seconded Ms Debra Russell**

That the Audit & Risk Committee note the proposed agenda outline for the next meeting to be held on Tuesday, 21 November 2017 from 9.00 – 11.30am.

CARRIED 5:0

**Close:** There being no further items of business the meeting closed at 11:08am.