



MELTON CITY COUNCIL

Minutes of the Audit and Risk Committee Meeting of the Melton City Council

17 November 2021

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021**MELTON CITY COUNCIL****MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE
MELTON CITY COUNCIL HELD IN THE VIA A VIDEOCONFERENCE
ON 17 NOVEMBER 2021 AT 12 NOON**

Present: Mr R. Tommasini, Chairperson, Independent External Member
Mr F. Mansoor, Independent External Member
Ms C. Gregory, Independent External Member
Cr G. Kesic, Mayor

Attendance: Mr M. Heaney, Acting Chief Executive Officer
Mr B. Dosser, Manager Legal & Governance
Mr S. Rumoro, Manager Finance
Mr D. Caligari, Manager Capital Projects
Mr. S. McManus, Acting General Manager Corporate Services
Mr M. Domma, Manager Information Services
Mr A. Ramdas, Risk Officer
Ms K. Maher, Internal Auditor
Ms C. Santoro, Senior Administration Officer

1. WELCOME / ELECTION OF CHAIR (IF REQUIRED)

The Chairperson opened the meeting and welcomed the Committee members noting that Mayor Cr Kesic was attending as Councillor Member elect to ensure the meeting was quorate.

2. APOLOGIES AND LEAVE OF ABSENCE

Nil.

3. DECLARATION OF INTEREST AND / OR CONFLICT OF INTEREST

Nil.

4. MINUTES OF PREVIOUS MEETINGS**RECOMMENDATION:**

That the Minutes of the Audit and Risk Committee Meeting held on 8 September 2021 and adopted by Council at the Ordinary Meeting held on 27 September 2021 be noted.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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MOTION:

Ms Gregory/ Mr Mansoor.

That the Minutes of the Audit and Risk Committee Meeting held on 8 September 2021 and presented to Council at the Ordinary Meeting held on 27 September 2021, be noted.

CARRIED

5. OTHER BUSINESS CARRIED OVER FROM A PREVIOUS MEETING

Nil.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021**6. PRESENTATION OF STAFF REPORTS****6.1 ANNUAL WORK PLAN FOR 2021 AND TRACKING REPORT FOR AUDIT & RISK COMMITTEE ACTIONS****Author: Cheryl Santoro - Senior Administration Officer****Presenter: Bradley Dosser - Manager Legal, Governance & Risk****PURPOSE OF REPORT**

To allow the Committee to check the agenda for this meeting against the *Annual Work Plan 2021* and to present to the *Tracking Report for Audit & Risk Committee Actions* as at November 2021.

RECOMMENDATION:

That the Council note that the Audit and Risk Committee checked the agenda against the *Annual Work Plan 2021* and reviewed the *Tracking Report for Audit & Risk Committee Actions* as at November 2021 and that no further action is required.

Recommendation 1

Ms Gregory/Mr. Mansoor

That the Council note that the Audit & Risk Committee checked the agenda against the *Annual Work Plan for 2021* and reviewed the *Tracking Report for Audit & Risk Committee Actions* as at November 2021 incorporating the action item listed below.

CARRIED**AUDIT & RISK COMMITTEE DISCUSSION POINTS**

Discussion took place on the following matters raised by Committee Members:

- There is no status update relating to 6.8 and 6.9 actions from the 8/9/2021 meeting within the Tracking Report.

In relation to 6.9, Mr Caligari informed the Committee that the staff member who updated the recommendations within the Risk Register keyed some of these comments into the incorrect position within the Register and therefore no updated comments were transcribed.

In relation to 6.8, Mr Dosser informed the Committee that at the last meeting, September 2021, the Committee requested a report on update/progress relating to the Integrity Framework review within six months.

Action:

That Management update the comments/progress within the Tracking Report for the above items at the next meeting.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021

REPORT**1. Executive Summary**

As requested at the Audit Committee meeting held 11 December 2019, the *Annual Work Plan*, approved annually and the *Tracking report for Audit & Risk Committee Actions* are presented to the Committee as a standing item on this agenda.

This agenda addresses all items in the Annual Work Plan 2021 scheduled for November 2021.

2. Background/Issues

The *Annual Work Plan 2021* is attached as **Appendix 1** and the *Tracking report for Audit and Risk Committee Actions* as at November 2021 is attached as **Appendix 2**.

This agenda addresses all items in the Annual Work Plan 2021 scheduled for November 2021 and Tracking report.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

37. A&RC Charter

4. Financial Considerations

N/A

5. Consultation/Public Submissions

N/A

6. Risk Analysis

N/A

7. Options

Make a different recommendation to Council based on the Tracking Report.

LIST OF APPENDICES

1. A&RC Annual Work Plan for 2021
2. Audit & Risk Committee Tracking Report as at November 2021

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 1 A&RC Annual Work Plan for 2021

Melton City Council Audit & Risk Committee Annual Work Plan for 2021										
No	Charter Requirement	Charter Ref	Timing	Feb	May	Aug	Sep	Nov	Officer	
Financial & Performance Reporting										
1	Review changes in significant accounting policies and disclosures	10.A.2	As Required							FM
2	Review Local Government Performance Reporting Framework changes	10.C.2	Annually				✓			LGM
3	Review outcomes of audit, annual financial report and annual performance statement	10.C.3&4 &10.A.2&3	Annually					✓		FM
4	Recommend adoption of annual financial report and performance report	10.C.7	Annually					✓		FM
5	Review Quarterly Financial Management Reports	10.C.1 & 3	Quarterly	✓	✓		✓	✓		FM
6	Quarterly Investment Holdings Report	10.C.1	Quarterly	✓	✓	✓	✓	✓		FM
7	End of Year Capital Expenditure Report	10.C.1	Annually						✓	CPM
8	Draft Budget	10.C.1	Annually			✓				FM
9	Long Term Financial Plan	10.C.1	Annually				✓			FM
Internal Control Environment										
10	Review the adequacy and effectiveness of key policies, systems and controls and their consistency with Local Government Principles. - Refer attached plan	10.D.1&5 10.F.1	Half Yearly			✓			✓	Various Managers
11	Annual report on key systems and controls, any changes with same and any testing for compliance	10.D.2, 3 & 4	Annually			✓				LGM
Risk Management										
12	Review status report of the risk register and actions being taken to manage identified strategic risks; ensure material risks are being dealt with appropriately	10.E.1-4	Annually				✓			LGM
13	Review progress of any significant legal matters/proceedings facing Council	10.E.6 & 10.C.6	Quarterly	✓	✓	✓	✓	✓		LGM
14	Review Council's insurance programme	10.E.5	Annually			✓				FM
15	Review BCP framework and testing regime	10.E.7	Annually			✓				OM
Fraud Prevention Systems & Controls										
16	Review Council's fraud and corruption plan including in relation to financial and non-financial controls	10.F.4 & 5	Annually			✓				LGM
17	Review reports of any subsequent investigation including suspected cases of fraud and reports to integrity bodies	10.F.3&6	As Required							LGM
Internal Audit										
18	Review and approve 3 year and annual internal audit plans	10.B.2,3&6	Annually	✓						LGM
19	Review status of delivery of annual internal audit plan	10.B.6	Quarterly		✓	✓	✓		✓	LGM
20	Review scopes of proposed internal audit reviews	10.B.4 & 5.1	Quarterly	✓	✓	✓	✓		✓	LGM
21	Review reports on internal audit reviews	10.B.5	Quarterly	✓	✓	✓	✓		✓	LGM
22	Meet with internal auditor in the absence of management	10.B.9&10	Quarterly	✓	✓	✓	✓		✓	ARC
23	Review progress by management on open audit recommendations	10.B.5	Quarterly	✓	✓	✓	✓		✓	LGM
24	Review effectiveness of the internal audit function - achievement of Service Levels Performance Measures outlined in the Contract (commencing in 2nd year of any contract)	10.B.11	Annually (comm 2nd year)							LGM
25	Chairperson involvement in appointment of internal audit service provider	10.B.12 & 7	As Required							
External Audit										
26	Review and approve external audit scope and plan	10.A.1	Annually	✓						FM
27	Discuss any audit issues encountered during the course of the audit	10.A.4	Annually					✓		ARC
28	Review report on management responses to any audit findings and ensure appropriate and timely	10.A.5	Annually			✓				FM
29	Review performance of external auditor	10.A.8	Annually					✓		ARC
30	Meet with external auditor in absence of management	10.A.6	Annually				✓	✓		ARC
Compliance Management										
31	Review systems and processes to monitor compliance with legislation and regulations and management follow up of instances of non compliance	10.G.1	Annually						✓	LGM
32	Review processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance	10.G.2	Annually			✓				LGM & PCM
33	Review Reports/Registers for Gifts, Benefits, Hospitality and Entertainment for Councillors and staff including Councillor reimbursement pursuant to Policy and s4(2) of the Act	10.D.4	Annually						✓	FM & LGM
34	Consider reports by regulatory and integrity agencies on investigations and relevance for Council (eg. VAGO/Ombudsman/BAC/Local Govt. Inspectorate)	10.G.4	Quarterly	✓	✓	✓	✓		✓	LGM
Reporting to Council										
35	Provide Minutes to Council	9	Every Meeting	✓	✓	✓	✓	✓	✓	L&GM
Performance Evaluation										
36	Assessment of Committee performance	6	Annually				✓			ARC & L&GM
Review of Charter										
37	Review of Audit & Risk Committee Charter	11	Biennially (seven years)				✓			LGM
Other Matters										
38	Committee member induction		As Required							LGM
39	Appointment of Chairperson	3	Annually	✓						ARC
40	Consider other matters referred by Council		As Required							CEO
41	Local Government Act 2020 Implementation		Quarterly	✓	✓	✓	✓		✓	LGM
Meeting Schedule										
	Set Committee meeting schedule	5	Annually						✓	LGM

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 1 A&RC Annual Work Plan for 2021

Additional Reports - A&RC Reports									
(i) The Chairperson will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum.	9								
One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.	9								
This report will need to be provided to the CEO with the approved minutes of the September meeting for presentation to Council at its meeting on 25 October 2021								✓	
The second report is suggested to be in May. To be provided upon approval of the minutes to be included in the Council report for the Meeting to be held on 7 June 2021					✓				

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Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 1 A&RC Annual Work Plan for 2021

Review of Internal Control Environment - Rolling Four Year Plan				
Item to be Reviewed	2021	2022	2023	2024
Governance				
Delegations of Authority	✓			
Privacy Policy	✓			
Child Safe Policy	✓			
Public Interest Disclosure Procedure	✓			
Governance Charter	✓			
Governance Rules	✓			
Gifts Policy (staff) & Gifts Policy (Councillors)	✓			
Human Resource Management				
Code of Conduct (Employee)		✓		
Recruitment & Selection Policy/Procedure		✓		
Performance Development Policy/Procedure		✓		
Employee Assistance Programme Procedure		✓		
Disciplinary Policy/Procedures		✓		
Occupational Health & Safety Policy		✓		
Finance & Accounting				
Investment of Council Funds Policy			✓	
Asset Valuation & Revaluation Policy			✓	
Procurement Policy/Procedure			✓	
Credit Card Policy and Procedure (staff and Councillors)			✓	
Motor Vehicle Policy/ Procedure			✓	
Councillors & Delegated Committee Members' Resources & Expenses Policy			✓	
Financial Assistance (Rates & Charges) Policy			✓	
Risk Management				
Enterprise Risk Management Policy				✓
Enterprise Risk Management Framework				✓
Fraud & Corruption Control Policy				✓
Fraud & Corruption Control Procedure				✓
Business Continuity Policy				✓
IT Disaster Recovery Planning Policy				✓

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 2 Audit & Risk Committee Tracking Report as at November 2021

Tracking Report for Audit & Risk Committee Actions as at November 2021

Audit & Risk Committee Meeting Date	Item No.	Report Title	Action	Responsible Officer(s)	Status	Completed
4/08/2021	6.3	VAGO Audit Report Progress Update (Reference 20.1) ICT Security Policy & Documentation	That a report be tabled back to the Audit & Risk Committee in relation to the required updates within the Disaster Recovery Procedure.	M. Domma - IT Manager	Completed	IT Disaster Recovery Procedure is complete and endorsed by Executive on 4/11/2021. A report, including the Procedure has been tabled to the November A&RC.
4/08/2021	6.4	VAGO 2019-20 Results of Local Government Audit Recommendation No. 3 IT Controls	Training for all Councillors to be scheduled.	M. Domma - IT Manager	Completed	Councillor information security training was completed on Wednesday 3 November 2021.
4/08/2021	6.9	Review of Annual Insurance Programme	Report back to Audit and Risk Committee providing clarity from Council's Insurers, that the level of insurance coverage is sufficient in relation to Council's Cyber Liability and Commercial Crime policies	S. Rumoro - Finance Manager	Completed	From Cyber Liability coverage perspective, Council's limit of indemnity currently falls within the majority of Victoria councils. Circa 85% of Vic - councils are currently on \$2mil limit of liability and Melton have also selected the additional cover for an automatic re-instatement. This means, if Council suffer a \$2mil Cyber loss, the limit will automatically re-instate by another \$2mil for the remainder of the year. Criminal insurance cover will be lifted to \$2.5 million following further discussion with insurer with only a slight increase in premium required to lift the cover. Insurance cover is reviewed annually and report will be tabled in 2022 following annual review.

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Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 2 Audit & Risk Committee Tracking Report as at November 2021

Audit & Risk Committee Meeting Date	Item No.	Report Title	Action	Responsible Officer(s)	Status	Completed
4/08/2021	6.10	Procurement Process Declaration	That Management consider amending the Procurement Process Declaration forms to include an analysis on cumulative spend in relation to a preferred supplier.	S. Rumoro - Finance Manager	December 2021 in line with Stage 4 implementation of the LG Act 2020	Procurement area has recently developed data analytics tests to assist with tracking cumulative spend on suppliers. Updated wording in relation to cumulative spend will be incorporated into Procurement Manual along with updates in relation to Stage 4 implementation of the LG Act 2020
4/08/2021	6.18	Quarterly Legal Report	A report be tabled to the Audit and Risk Committee on the outcome received from Harwood Andrews in relation to MK Datatnet Pty Ltd matter.	B. Dossier - Legal, Governance & Risk Manager		Harwood Andrews are continuing their investigation and have engaged 3rd Party technical experts to review the works delivered by MK Datatnet in respect of the Sailpoint and Mulesoft software. Draft report on track to be delivered by end of November.
8/09/2021	6.4	External Auditor Performance 2020-21	That the Finance Manager check with other Councils on their methodology in relation to measuring their external Auditors performance.	S. Rumoro - Finance Manager	Completed	Report in 2022 will incorporate a list of KPIs in relation to external Audit.
8/09/2021	6.5	Finance Report-Period Ended 30 June 2021	A summary table providing comments on the breakdown of the \$368.18 million in cash and term deposits be included in the report to Council.	S. Rumoro - Finance Manager	Completed	Table incorporated into report to Council on Annual Report and Performance Statements on 13 September 2021
8/09/2021	6.6	Debt Collection Policy 2021	The following amendments to be incorporated into the draft Debt Collection Policy prior to being considered by the Policy Review Panel for approval: <ul style="list-style-type: none"> • In the Endorsement section amend Audit Committee to Audit & Risk Committee; • In section 3 Definitions, under 'Necessitous Circumstances' include illness; • In section 4.1.1.1 under 'Failure to pay Instalments due' include the year of the Local Government Act; • In section 4.1.1.4 under Sale of Property to recover outstanding rates- Section 181 of the Act, include year of Act and also add to the end of the first sentence 'to Executive and then to Council if action is required as per the Local Government Act'; • In section 4.1.2 the last paragraph, change ratepayer to 'debtor' and • Any future draft policies tabled to Audit and Risk Committee to show amendments marked up in red, for ease of distinction. 	S. Rumoro - Finance Manager	Completed	Policy updated with changes and tabled at Policy Review Panel meeting in October.
8/09/2021	6.7	VAGO Report; Maintaining Local Roads (March 2021)	An exception report be tabled to the Audit and Risk Committee on the recommendations not completed according to schedule.	S. Romaszko - Manager Engineering Services		

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Item 6.1 Annual Work Plan for 2021 and Tracking Report for Audit & Risk Committee Actions

Appendix 2 Audit & Risk Committee Tracking Report as at November 2021

Audit & Risk Committee Meeting Date	Item No.	Report Title	Action	Responsible Officer(s)	Status	Completed
8/09/2021	6.8	Internal Audit Integrity Framework Review Progress Report	That a further report be tabled to the Committee in six months on the progress made in addressing the recommendations in the Integrity Framework Review.	B. Dosser - Legal, Governance & Risk Manager		
8/09/2021	6.9	Internal Audit Recommendations Tracking Report For September 2021	A management comment to be included within risk number 2658, addressing whether in-house experts are being utilised.	D. Caligri - Manager Capital Projects		
8/09/2021	6.10	Annual Assessment of Audit and Risk Committee Performance	That the Chairperson and Manager of Legal, Governance and Risk produce an Induction program to address this matter.	A&RC Chairperson/B.Dosser - Legal, Governance & Risk Manager	Completed	Draft Induction Program tabled at A&RC Meeting 17 November 2021
8/09/2021	6.10	Annual Assessment of Audit and Risk Committee Performance	That future meetings be set up for 2.5 hours.	C. Santoro - Senior Administration Officer	Completed	All future meetings will be scheduled for 2.5 hours.
8/09/2021	6.10	Annual Assessment of Audit and Risk Committee Performance	That the draft Agenda be forwarded to Chairperson to allocate timeframes against each Agenda item.	A&RC Chairperson	Completed	A&RC Chairperson has allocated timeframes against each Agenda item.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.2 IT DISASTER RECOVERY PROCEDURE

Author: Mark Domma - Information Services, Manager
Presenter: Mark Domma - Information Services, Manager

PURPOSE OF REPORT

To advise the Audit and Risk Committee that an action from the August committee meeting to update the IT Disaster Recovery procedure is complete.

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 2

Ms Gregory/Mr. Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and note the action listed below.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr Domma informed the Committee that the policy was changed to a procedure. The content remains the same as it is still relevant. The major change was the strengthening of roles and responsibilities to reflect the new IT structure and Executive involvement.

A request from the Committee to distribute the Policy displaying the marked up changes was made.

Mr Domma informed the Committee that as the Policy was changed to a Procedure, he would distribute the old Policy and the new Procedure to Committee members.

Action:

The Old Policy and new Procedure be distributed to the Committee members.

REPORT**1. Executive Summary**

The IT Disaster Recovery Procedure guides how Melton City Council remains prepared to respond to a critical outage to its information technology that impacts the ability of the organisation to deliver its services. An action arising from the August 2021 Audit and Risk Committee meeting was an update to the IT Disaster Recovery Procedure, formerly known as the IT Disaster Recovery Preparedness Policy. The IT Disaster Recovery Procedure has been revised and adopted by the Executive on the 4th November 2021.

2. Background/Issues

IT Disaster recovery is the organisation's response mechanism that allows Council to restore its service delivery following a critical outage caused by a disaster. If essential IT services

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have been impacted following the declaration of a disaster following the Council's business continuity plan, the IT disaster recovery plan guides the recovery and restoration of IT services. The IT Disaster Recovery Procedure guides the organisation's preparedness for an IT disaster by defining how the IT disaster recovery plan is tested, measured, performance reviewed and revised.

An action arising from the August Audit and Risk Committee meeting was the request to review and update the IT Disaster Recovery Procedure, previously titled the IT Disaster Recovery Preparedness Policy. The IT Disaster Recovery Procedure was revised and distributed for staff comment in September. The Executive endorsed the IT Disaster Recovery Procedure on the 4th November 2021.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

15. Review BCP framework and testing regime

4. Financial Considerations

Not Applicable

5. Consultation/Public Submissions

The IT Disaster Recovery Procedure was distributed for comment in September which resulted in an amendment to strengthen its link with the organisation Business Continuity Plan.

6. Risk Analysis

Not Applicable

7. Options

Not Applicable

LIST OF APPENDICES

1. IT Disaster Recovery Procedure

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.2 IT Disaster Recovery Procedure

Appendix 1 IT Disaster Recovery Procedure

	IT Disaster Recovery Procedure
Version No.	2.0, 29 October 2021
Executive Endorsement	GM Corporate Services, 3 November 2021
Authorisation	Chief Executive Officer, 4 November 2021
Review date	29 October 2024
Responsible officer	Information Technology Manager
Procedure owner	IT Service Delivery Coordinator

1. Purpose

This procedure outlines the process by which the Melton City Council (MCC) will remain prepared to respond and restore IT services following an IT-related disaster that significantly impacts the service delivery capability of the organisation.

2. Scope

This procedure applies to all information technology assets and IT staff and service providers involved in IT systems management.

The IT Disaster Recovery Plan managed under the terms of this procedure will enable the restoration of IT systems after a major disruption to Council's IT systems.

Out of scope are incidents that do not require a disaster recovery response. These are managed through other procedures, e.g. Incident Response procedures.

3. Definitions

Word/Term	Definition
IT Disaster	A sudden, significant event, or a declared incident that results in a disruption, loss or damage of MCC's infrastructure, services or data that has a very high impact on MCC's ability to delivery services.
IT Disaster Recovery (IT DR)	The activities associated with the restoration of IT systems following an IT Disaster.
IT Disaster Recovery Plan (IT DRP)	The plan that outline the step by step work instruction for the restoration of IT systems following an IT Disaster.
Recovery Time Objective	The target time for re-establishing IT systems.

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17 NOVEMBER 2021

Item 6.2 IT Disaster Recovery Procedure

Appendix 1 IT Disaster Recovery Procedure

Recovery Point Objective	The target maximum amount of data (measured in time) that may be lost in an IT Disaster
IT Service Provider	These include third party entities (including their subsidiaries and partners) responsible for managing and operating the Melton IT infrastructure.

4. Procedure

This procedure describes the requirements for the IT Disaster Recovery Plan in terms of the IT disaster scenarios to be covered, the plan's content and structure, and the requirements for managing the plan.

4.1 IT Disaster Scenarios

The IT Disaster Recovery Plans (IT DRP) developed under the terms of this procedure covers the disruption scenarios identified in the Corporate Business Continuity Plan that would result in the loss of the IT facilities or access to the facilities located at the Melton Civic Centre, Melton Library and Learning Hub or the Caroline Springs Civic Centre / Library.

4.2 IT Disaster Recovery Plan Content

The IT DRP must contain step by step work instructions to recover from an IT Disaster for the scenarios identified together with supporting material, roles, responsibilities and available resources.

The level of information and instruction must be sufficient to allow a skilled practitioner from the IT Service provider team with limited or no knowledge of the MCC's IT systems, to follow and coordinate the plan's execution.

4.4 Recovery Targets

All Disaster Recovery Plans must consider and document Recovery Time Objectives and Recovery Point Objectives for all systems.

4.5 IT Disaster Recovery Plan Roles and Responsibilities

The identification of IT Disaster Recovery roles, responsibilities and available resources to fill these roles must be included in the IT Disaster Recovery Plan.

Roles and responsibilities of external resources required from the IT Service provider's team must be included in their individual IT Disaster Recovery Plans.

4.6 IT Disaster Recovery Review and Update

The IT Disaster Recovery Plan will be reviewed and updated at least annually to ensure that

- IT continues to meet procedure objectives
- Roles, responsibilities and contact details are current
- For IT Service Provider, the service commitments can be met

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Item 6.2 IT Disaster Recovery Procedure

Appendix 1 IT Disaster Recovery Procedure

- Technical diagrams, tables and lists that describe the IT hardware, network, configuration and systems are current

During the review process, recommendations and lessons learnt from IT incidents (whether declared as a disaster or not) and test outcome must be considered.

Changes due to actual or anticipated growth, capacity changes, software version changes, obsolescence and discontinued support must be considered during the review process.

4.7 Testing, Compliance and Reporting

Testing, compliance and reporting the effectiveness of this procedure will include:

- Annual desktop-based test: reviewing and challenging the content of this procedure and checking documentation for completeness and accuracy.
- Annual testing of Disaster Recovery Work instruction: work with the IT Service Provider to test and update the work instruction to ensure relevance and accuracy.
- Yearly Simulation: annual evaluation of the results of a simulation that mimics a service being out of action.

4.8 Post IT Disaster Recovery Plan Execution

- Within one month of the IT Disaster Recovery Plan being executed as the result of an emergency, a post event review must be conducted to identify any risks, issues or lessons learned relating to the execution and the performance of the IT Disaster Recovery Plan.
- The outcome of the review must be presented to the Information Technology Manager for consideration and action.

4.9 Audit

- An audit must be undertaken on a yearly basis to ensure that the requirements of this procedure are being met.
- The completed audit will be presented to the Executive Risk Management Committee on an annual basis.

4.10 Continual Readiness and Change Management

- The IT Disaster Recovery Plan must always be current in that at any point of time, regardless of system changes, the IT Disaster Recovery Plan can be executed.
- Any project (including proposals and other initiatives) must include an assessment of the impact on the IT Disaster Recovery Plan. Any updates required to the IT Disaster Recovery Plan must be included as part of the project and must be completed before it can be concluded.

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Appendix 1 IT Disaster Recovery Procedure

5. Responsibility / Accountability

5.1	Chief Executive Officer
	<ul style="list-style-type: none"> Manage and communicate any outbound notification to the media/public, if required
5.2	GM Corporate Services
	<ul style="list-style-type: none"> Manage the implementation of the IT Disaster Recover Plan Notify the CEO and all General Managers if the IT Disaster Recovery plan will be enacted Notify the CEO and all General Managers once the business has resumed operations
5.3	Information Technology Manager
	<ul style="list-style-type: none"> Approve the activation of Melton Disaster Recovery Notify the GM Corporate Services if the IT Disaster Recovery plan will be enacted Provide regular updates on the progress of the Disaster Recovery process Approve the switch back procedures Notify the GM Corporate Services once the business has resumed operations
5.4	Information Security Officer
	<ul style="list-style-type: none"> Updating the document on annual basis Manage incident response activities that could lead to enacting IT DRP Call and assemble Disaster Recovery Team from IT and IT Service Providers Organise the ongoing DR testing with Melton IT Service Providers Update the DR runsheet with improvements/lesson learnt
5.5	IT Service Desk
	<ul style="list-style-type: none"> Communicate to all staff of the possible outage during Disaster Recovery switchover
5.6	IT Architecture & Strategy Coordinator
	<ul style="list-style-type: none"> Accountable to update the document on annual basis
5.7	IT Service Provider
	<ul style="list-style-type: none"> Provide technical advice, when required, on the need to commence Disaster Recovery Enact and execute Disaster Recovery work instruction upon request from the Disaster Recovery Lead Advise when the procedure has been successfully executed

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Item 6.2 IT Disaster Recovery Procedure

Appendix 1 IT Disaster Recovery Procedure

- | | |
|--|---|
| | <ul style="list-style-type: none"> • Enact and execute Disaster Recovery switch-back work instructions upon request from the Disaster Recovery Lead • Advise when the switch-back work instructions have been successfully executed • Keep the Disaster Recovery work instruction up to date and to include any technical change in the environment • Annually test the accuracy, completeness and readiness of their team to follow the disaster recovery work instruction |
|--|---|

6. References

Name	Location
Information Services Business Continuity Plan	DWS Document No. 1823153
Corporate Business Continuity Plan	P:\Business Continuity Plan
Business Continuity Testing Framework	DWS Document No. 2204021
CIMP	P:\Emergency Management\Business Continuity Management\Melton BCP\CIM_Corp Plan
Corporate Risk Register	Corporate Risk Register
Azure Disaster Recovery Plans	Azure DR Testing Runsheet: Maintained by Telstra Purple
CSX Disaster Recovery Plan	DR As-Built: Maintained by ByteIT (Our supplied manages service provider via Telstra)
IT Security Policy	Melton Information Security Policy

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Mr Domma departed from meeting at 12.16 pm.

6.3 FINANCE REPORT - PERIOD ENDED 30 SEPTEMBER 2021

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the 2020/2021 Finance report for the 3 months ended 30 September 2021 (the Report).

RECOMMENDATION:

That Council notes that the Audit and Risk Committee has reviewed the Report and that no further action is required.

Recommendation 3

Ms Gregory/Mr. Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr Rumoro provided a summary overview on the 1st Quarter Finance report, highlighting the following:

- Favourable variance to budget
- Environment impacts due to covid-19 such as developer activities, supplementary rates, community facility fees, employee costs.

In relation to Capital Projects, Mr Caligari informed the Committee that with carry forwards of \$20m from 2020/21, the Capital Projects budget is \$173m, with the 1st Quarter forecast expenditure of \$138m, a variance of \$35m mainly to due complexity of some projects.

REPORT**1. Executive Summary**

This quarterly report compares 3 months ending 30 September 2021 YTD results with the approved budget for the same period.

2. Background/Issues

The operating surplus for the 3 months ended September 2021 was \$138.2 million. This compared with a budgeted result of \$136.3 million, resulted in a favourable variance of \$1.9 million.

Council operating surplus is largely due to income remaining favourable to budget with rates revenue and statutory fees benefiting from continued strong development activity. Operating

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grants were also favourable to budget, while capital grants were unfavourable mainly due to timing of those grant receipts. User fees were unfavourable due to COVID lockdowns. Employee costs were favourable to budget due mainly to unfilled vacancies, this was offset partially by increase material costs largely driven by increase in costs associated with higher than budgeted operating grants.

Council forecasted operating position is in line with projected budget based on 1st quarter forecast, given volatility in operating environment due to COVID, 2nd quarter forecast should provide a more certain indication of forecasted position.

The actual capital expenditure completed at the 30 September 2021 was \$12.5 million or 7.2% of the total budget.

Council's has a total of \$390.6 million in cash and term deposits at year end. This balance includes general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The working capital ratio for the YTD period is a healthy 1:5.81.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

17. Financial Reporting including Capital Works Progress

4. Financial Considerations

Note the operating result for the quarter ended.

5. Consultation/Public Submissions

N/A.

6. Risk Analysis

Financial reporting will ensure Council's continued compliance with the legislative requirements.

7. Options

The Audit and Risk Committee:

1. Note the report;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Finance Report - Period ended 30 September 2021

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Melton City Council
Finance Report 2021/2022
1st Quarter Ended 30 September 2021

A vibrant, safe and liveable City accessible to all



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Melton City Council

Quarterly Finance Report for the 3 months period as at 30 September 2021.

Executive Summary

Operating Results

This report compares the 30 September 2021 YTD results with the profiled YTD approved budget for the same period.

The operating surplus before transfers for the September YTD period was \$138.2m. This compared with the profiled budgeted result of \$136.3m resulted in a favourable variance of \$1.9m

Detailed analysis of operating revenue and expenditure variances by line items, are outlined on page 4-6 of this report.

Year-end Forecast

Review of the 1st quarter operating and capital expenditure as at the end of September 2021 has been finalised. As part of this process business unit managers have provided an estimate of the year-end forecast of savings and over-runs expected as at 30 June 2022. This is summarised in the table below.

Comparison of 1st quarter year-end forecast with the approved budget is shown on page 7 with the detail variance commentary on page 8-10

	Summary of 1 st Quarter Year-End Forecast against the Approved Budget	\$(Millions)
	Operating	
	Forecast favourable variance in operating results before transfers	<u>\$11.3</u>
	Capital	
	Forecast favourable variance in Council capital expenditure	<u>\$14.9</u>

Capital Expenditure

The approved Council capital expenditure budget for 2021/22 is a total of \$153.5m. This consists of \$44.9m carry forwards component from 2020/21. Further carry forwards of \$20.06m was identified at the Year-end. This addition increased the 2021/22 Council capital budget to \$173.6m.

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Total developer contribution in-kind works budget for 2021/22 is \$40.3m. These works when completed by landholders will offset their developer contribution liability to Council. Where the value of completed works handed over to Council varies from the DCP obligations, the resultant rolling credit or debit transactions which will be carried forward to be set off against future obligations or for settlement to/by Council from the developer contribution reserve funds.

The actual capital expenditure completed at the end of September was \$12.5m or 7.2% of the total Council capital expenditure budget including carry forwards.

A project level analysis of YTD capital expenditure by capital works by business unit is provided on page 19.

Cash on hand and Investments

Council's total cash position at month end is \$390.6m. This balance includes \$362.8m of general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The amount of cash on hand at end of month of \$27.8m.

Debtors

Receivables outstanding totalled \$127.1m (net of doubtful debts provisions) of which \$118.7m relates to rates debtors including instalments not due. Infringement Debtors amounted to \$5.3m and other sundry debtors was \$3.1m.

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Monthly Management Report 2021/2022								
Operating Statement by Income/Expenditure line items								
2020/2021 YTD Actuals	Income/Expenditure Type		YTD Actuals	YTD Budget	YTD Variance	Full Year Approved Budget	1st Qtr Forecast	1st Quarter Forecast Variance to Adopted Budget
(000's)		Notes	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
	Income							
130,386	Rates & Charges	1	144,220	142,431	1,789	146,436	148,436	2,000
2,232	Statutory Fees and Fines	2	2,839	2,489	350	9,924	11,459	1,535
1,641	User Fees	3	2,763	3,025	(261)	11,049	10,394	(655)
5,956	Grants- Operating	4	6,682	6,008	674	32,290	33,205	915
2,637	Grants- Capital	5	330	2,017	(1,687)	9,720	10,234	515
16,956	Contributions Monetary	6	19,039	19,057	(18)	96,942	98,410	1,467
5,756	Contributions Non Monetary	7	3,889	3,890	(1)	163,601	174,514	10,912
1,414	Net Gain/(Loss) on Disposal of IPP&E	8	2,788	2,690	98	12,415	11,554	(860)
705	Other Revenue	9	940	754	187	7,194	7,324	130
167,683	Total Income		183,491	182,360	1,131	489,571	505,531	15,959
	Expenditure							
13,600	Employee Costs	10	15,544	17,405	1,860	69,316	67,123	2,193
15,471	Material Costs	11	18,000	16,834	(1,165)	93,965	100,354	(6,389)
259	Bad and Doubtful Debts	12	222	190	(32)	440	501	(61)
10,380	Depreciation and Amortisation	13	11,433	11,516	82	46,081	46,505	(424)
83	Borrowing Costs	14	66	105	39	646	646	0
0	Finance Cost- Leases	15	0	1	1	32	32	0
39,793	Total Expenditure		45,265	46,050	785	210,481	215,162	(4,681)
127,890	Total Surplus/Deficit Before Transfers.		138,225	136,310	1,916	279,090	290,369	11,279
	Other Comprehensive Income							
200	Net asset Revaluaion Increment/(decrement)	16	0	0	0	50,955	50,955	0
128,090	Total comprehensive Result		138,225	136,310	1,916	330,045	341,324	11,279
	Reserve Transfers							
6,976	Transfers From Reserves	17	3,906	7,315	(3,409)	72,915	76,396	3,481
(21,420)	Transfer to Reserve	18	(20,144)	(19,057)	(1,087)	(138,149)	(135,203)	2,946
(14,444)	Total Net Transfers - Income/(Exp)		(16,238)	(11,742)	(4,496)	(65,234)	(58,807)	6,427
113,446	Total Surplus/(Deficit) Net of Transfers		121,987	124,568	(2,580)	264,811	282,517	17,706
101,127	Undelying Surplus/(Deficit)		112,180	108,657	3,523	(3,589)	(4,344)	(754)

* Negative values in the year-end variance and forecast variance columns indicate an unfavourable Variance.

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Income/Expenditure Type	Notes	YTD Actual (000's)	YTD Budget	Variance - Fav/(Unfav) (000's)	YTD Actuals to YTD Budget Variance Explanations
Income					
Rates & Charges	1	144,220	142,431	1,789	<p>Rates & Charges were \$1.79m favourable to YTD Budget due to: \$2.05m - Actual Supplementary rates received were higher than YTD budgeted target due to higher number of properties being released than budgeted.</p> <p>The favourable variance was partly offset by unfavourable variance due to: (\$0.26m) - Pensioner rebates which were higher than budget.</p>
Statutory Fees and Fines	2	2,839	2,489	350	<p>Statutory Fees and Fines were \$0.35m favourable to YTD Budget due to the following: \$0.40m - Higher than expected Permit Fees and other Registration Fees and Other Statutory Fees associated with the increase in new development, building and subdivision activities across Council. \$0.08m - Higher than expected Infringement Revenue primarily relating to Animal Management. \$0.02m - Other Statutory & Miscellaneous Fees across council are slightly higher than anticipated.</p> <p>The favourable variance was partly offset by favourable variance due to: (\$0.15m) - Lower than budgeted debt collection court recoveries due to Council successfully adopting a new approach to debt recovery resulting in comparable arrears without the need to go to court. These are partly offset by lower associated expenditure such as legal fees.</p>
User Fees	3	2,763	3,025	(261)	<p>User Fees were (\$0.26m) unfavourable to YTD Budget due to the Covid-19 Pandemic lock down, consisting off: (\$0.20m) - Reduction in rental and lease income relating to community facilities. (\$0.06m) - Other unfavourable variances across user fees such as client fees relating to community hubs and centres, and care services. Half of this variance relates to occasional care which is ceasing operations in December 2021.</p>
Grants- Operating	4	6,682	6,008	674	<p>Operating Grants were \$0.67m favourable to YTD Budget due to the following: \$0.96m - Resulting from unbudgeted or increased grants received. The YTD amounts received are attributable to: ** CALD Communities Taskforce - [\$0.33m] ** Business Concierge & Hospitality Guidelines - [\$0.21m] ** Crime Prevention Grant - UTURN193 - [\$0.08m] ** Women's Building Surveyor Program - [\$0.08m] ** Community Activations and Social Isolation (CASI) - [\$0.07m] ** 34 Other operating grants [\$0.19m]</p> <p>\$0.05m - Relating to the favourable net impact of timing, having received grants earlier than anticipated. This is primarily driven by funding for HRV Community Grant Program [\$0.09m]; and partially offset by other minor grants [(\$0.04m)].</p> <p>The favourable variance was partly offset by: (\$0.34m) - MTC Revitalisation Grants which were budgeted in 2021/22 but received last financial year</p>

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Income/Expenditure Type	Notes	YTD Actual (000's)	YTD Budget	Variance - Fav/(Unfav) (000's)	YTD Actuals to YTD Budget Variance Explanations
Grants- Capital	5				<p>Capital Grants were \$1.69m unfavourable to YTD Budget due to timing related unfavourable variances: (\$1.83m) - Grants anticipated to have been received by YTD Sept, but not yet received. The most significant amongst these are funds for:</p> <p>** Diggers Rest Community Cen/BURRS - [(\$0.36m)] ** Unsealed Car Parks Upgrade - Various - [(\$0.34m)] ** Road Safety Project - Creamery Road, Toolern Vale - [(\$0.30m)] ** Macpherson Park - Unsealed Car Park - [(\$0.19m)] ** Bulmans Road, West Melton - Urbanisation - [(\$0.16m)] ** Troups Rd South (Greigs to Boundary) - Road Constn - [(\$0.16m)] ** Burnside Heights Recreation Reserve Upgrades - [(\$0.12m)] ** 6 Other Capital grants - [(\$0.20m)]</p> <p>The unfavourable variance was partly offset by: \$0.14m - Grant for Arnolds Creek Children & Community Centre 3rd Room was received earlier than anticipated.</p>
Contributions Monetary	6	19,039	19,057	(18)	
Contributions Non Monetary	7	3,889	3,890	(1)	
Net Gain/(Loss) on Disposal of IPP&E	8	2,788	2,690	98	
Other Revenue	9				<p>Other Revenue were \$0.19m favourable to YTD Budget due to the following: \$0.23m - Higher than projected recoveries relating mostly to received/expected Property Insurance settlements; and also funding received for the AFL Ready Traineeship Program. Being recoveries, these unbudgeted funds will offset wholly by unbudgeted expenditure. \$0.01m - Other miscellaneous fees.</p> <p>Favourable variance is partly offset by: (\$0.05m) - Lower than budgeted interest income.</p>
		940	754	187	
Total Income		183,491	182,360	1,131	
Expenditure					
Employee Costs	10				<p>Employee Costs are favourable to YTD Budget by \$1.86m due to unfilled vacancies across Council and Covid impacting demand for services. Council has been agile in managing resources due to variability in service demand, particularly in Community Services.</p> <p>The favourable variance in salaries and wages is partly offset by an unfavourable variance in contract labour (agency) costs relating to Traffic Management costs associated with drive through Covid vaccinations at Melton Bunnings. It is expected that costs will be recovered from DHHS later in 2020/21. These contributed (\$0.40m) of unfavourable variance as noted under materials and services below. On a net basis, Council did not exceed budget in agency costs to backfill BAU operations.</p>
		15,544	17,405	1,860	

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Income/Expenditure Type	Notes	YTD Actual (000's)	YTD Budget	Variance - Fav/(Unfav) (000's)	YTD Actuals to YTD Budget Variance Explanations
Material Costs	11	18,000	16,834	(1,165)	<p>Contracts and Materials are unfavourable to YTD Budget by (\$1.17m) due to:</p> <p>(\$0.95m) - Expenditure funded by external grants related to the Covid environment to be received in 2020/21. This consists of Contract labour (agency) for traffic management at Melton Bunnings [(\$0.40m)], and other costs for Working for Victoria [(\$0.55m)].</p> <p>(\$0.30m) - Higher than anticipated expensed capital project costs such as tree planting and other items not meeting asset capitalisation thresholds.</p> <p>(\$0.20m) - Legal expenses are incurred on a needs basis and are net overspent compared to YTD budget. Higher than budgeted engagement of external legal works were further compounded by vacancies and movement within the Legal & Governance team leading to higher than usual engagement of externals [(\$0.32m)]. This was partly offset by legal fees relating to rates recovery [\$0.12m] due to Council successfully adopting a new approach to debt recovery resulting in comparable arrears without the need to go to court.</p> <p>(\$0.13m) - Expenditure funded by CALD Communities Taskforce external grants received in 2021/22.</p> <p>(\$0.10m) - Timing of contract payments for Sealed Roads & Carparks to Citywide.</p> <p>(\$0.06m) - Transfer the balance of NW Metro Region Emergency Management Collaboration to Wyndham City Council who are the new auspice for the Collaboration.</p> <p>(\$0.06m) - Other minor unfavourable variances.</p> <p>Unfavourable variance is partly offset by:</p> <p>\$0.25m - Reduced waste costs due to less collection in Council Buildings due to building shutdowns, and less levy fees due to reduced landfill volumes due site closure and restrictions in August & September.</p> <p>\$0.25m - Relates to expenditure for grants received in 2021/22 that were not budgeted for.</p> <p>\$0.14m - Insurance premiums were lower than anticipated, and may be considered realised savings (subject to any adjustments later in the year).</p>
Bad and Doubtful Debts	12	222	190	(32)	Bad and doubtful debts are made up of infringement withdrawals for errors, withdrawing for court and through internal review. Fines have been withdrawn due to legislative timeframes for internal review not being met.
Depreciation and Amortisation	13	11,433	11,516	82	
Borrowing Costs	14	66	105	39	New borrowings were budgeted as funding source for capital works programs. Lower YTD actuals of borrowing costs reflects that Council has not had a need to draw on new borrowings in Q1 2021/22 as YTD underspends in the CAPEX program have positively impacted liquidity.
Finance Cost- Leases	15	0	1	1	
Total Expenditure		45,265	46,050	785	
Total Surplus/Deficit Before Transfers.		138,225	136,310	1,916	

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Monthly Management Report 2021/2022				
1st Quarter Vs Adopted Budget Variance				
Forecast Operating Statement by Income / Expenditure				
Income/Expenditure Type	Notes	Full Year Approved Budget (000's)	1st Qtr Forecast (000's)	1st Quarter Forecast Variance to Adopted (000's)
Income				
Rates & Charges	1	146,436	148,436	2,000
Statutory Fees and Fines	2	9,924	11,459	1,535
User Fees	3	11,049	10,394	(655)
Grants- Operating	4	32,290	33,205	915
Grants- Capital	5	9,720	10,234	515
Contributions Monetary	6	96,942	98,410	1,467
Contributions Non Monetary	7	163,601	174,514	10,912
Net Gain/(Loss) on Disposal of IPP&E	8	12,415	11,554	(860)
Other Revenue	9	7,194	7,324	130
Total Income		489,571	505,531	15,959
Expenditure				
Employee Costs	10	69,316	67,123	2,193
Material Costs	11	93,965	100,354	(6,389)
Bad and Doubtful Debts	12	440	501	(61)
Depreciation and Amortisation	13	46,081	46,505	(424)
Borrowing Costs	14	646	646	0
Finance Cost- Leases	15	32	32	0
Total Expenditure		210,481	215,162	(4,681)
Total Surplus/Deficit for the Year Before Trfs.		279,090	290,369	11,279
Underlying Surplus/(deficit)		(3,589)	(4,344)	(754)
Council Capital Budget		153,565	138,646	14,919
Capital DCP-In-Kind		40,293	46,187	(5,894)

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Monthly Management Report 2021/22
 Operating Statement - Significant Variance Comments
 Approved Budget vs. 1st Quarter Forecast

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Income/Expenditure Type		Full Year Approved Budget	1st Qtr Forecast	1st Quarter Forecast Variance to Adopted Budget	Approved Budget to 1st Quarter Forecast Variance Explanations
		(000's)	(000's)	(000's)	
Income					
Rates & Charges	1	146,436	148,436	2,000	Rates & Charges are forecasted to finish favourably compared to FY Budget by \$2.00m due to a higher number of properties titled than expected leading to a projected increase in supplementary rates.
Statutory Fees and Fines	2	9,924	11,459	1,535	Statutory Fees and Fines were \$1.54m favourable to YTD Budget due to the following: \$1.77m - Higher than expected Permit Fees and other Registration Fees and Other Statutory Fees associated with the increase in new development, building and subdivision activities across Council. \$0.39m - Higher than anticipated Property Information Requests \$0.02m - Other Statutory & Miscellaneous Fees across council as Covid restrictions ease. The favourable variance was partly offset by favourable variance due to: (\$0.64m) - Lower than budgeted debt collection court recoveries due to Council successfully adopting a new approach to debt recovery resulting in comparable arrears without the need to go to court. These are partly offset by lower associated expenditure such as legal fees.
User Fees	3	11,049	10,394	(655)	User Fees were (\$0.66m) unfavourable to YTD Budget due to the Covid-19 Pandemic lock down, consisting off: (\$0.65m) - Reduction in rental and lease income relating to community facilities. (\$0.38m) - Other unfavourable variances across user fees such as client fees relating to community hubs and centres, and care services. [\$0.19m] of this variance relates to occasional care which is ceasing operations in December 2021. Unfavourable variances are partly offset by: \$0.40m - Demand for Building services (Asset protection) is anticipated to be higher than budgeted due to higher than anticipated development activity.
Grants- Operating	4	32,290	33,205	915	Operating Grants are forecasted to finish favourably compared to FY Budget by \$0.92m due to: \$2.70m - Resulting from unbudgeted or increased grants to be received. This is attributable to: ** CALD Communities Taskforce - [\$0.79m] ** Jobs Advocates - [\$0.35m] ** Community Safety - [\$0.19m] ** Access to Early Learning - [\$0.15m] ** Centenary Park Revitalisation - [\$0.15m] ** Black Knight Way Park Revitalisation - [\$0.15m] ** Women's Building Surveyor Program - [\$0.12m] ** Business Concierge & Hospitality Guidelines - [\$0.10m] ** Crime Prevention Grant - UTURN193 - [\$0.10m] ** Family Support Services - [\$0.09m] ** Community Activations and Social Isolation (CASI) - [\$0.07m] ** Improving Pedestrian and Cycling Safety, Security - [\$0.05m] ** 28 Other minor grants [\$0.34m] The favourable variance was partly offset by: (\$1.30m) - MTC Revitalisation Grants which were budgeted in 2021/22 but received last financial year (\$0.24m) - Commonwealth Home Support Programme - CHSP Melton Social Support only to receive 67% of the funding this year. (\$0.19m) - Occasional Care Services grant reduced due to lower participation and ceasing operations from end of December 2021 ** Other minor grants [\$0.05m]

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Income/Expenditure Type		Full Year Approved Budget	1st Qtr Forecast	1st Quarter Forecast Variance to Adopted Budget	Approved Budget to 1st Quarter Forecast Variance Explanations
		(000's)	(000's)	(000's)	
Grants- Capital	5	9,720	10,234	515	The favourable variance attributable to the unbudgeted increase in projected Capital grants of \$0.52m and include: ** Parks Dev. Program - Kirkton Park - [\$0.24m] ** Burnside Heights Recreation Reserve Upgrades - [\$0.22m] ** Licensed Playspace Upgrade Program - [\$0.05m]
Contributions Monetary	6	96,942	98,410	1,467	Developer Cash contribution are expected favourable to budget by \$1.47m due to higher than anticipated development activity.
Contributions Non Monetary	7	163,601	174,514	10,912	Non cash contributions are expected favourable to budget by \$10.91m due to higher than anticipated development activity.
Net Gain/(Loss) on Disposal of IPP&E	8	12,415	11,554	(860)	Sale of Properties are forecasted to finish unfavourably compared to FY Budget by (\$0.86m) due to a lower revised sales forecast for Atherstone land sales from budgeted FY sale of 354 lots to a Revised Target of 328 net sales.
Other Revenue	9	7,194	7,324	130	Other Revenue were \$0.13m favourable to YTD Budget due to the following: \$0.32m - Higher than projected recoveries relating mostly to received/expected property insurance settlements; and also funding received for the AFL Ready Traineeship Program. Being recoveries, these unbudgeted funds will offset wholly by unbudgeted expenditure. \$0.10m - Increase in demand for Building Services printed materials. Favourable variance is partly offset by: (\$0.25m) - Lower than budgeted Event Sponsorship revenues due to events such as the Flavour Fest and Djerriwarrh Festival which have not/will not to occur in 2021/22 due to Covid restrictions and event cancellations. (\$0.04m) - Other miscellaneous fees.
Total Income		489,571	505,531	15,959	
Expenditure					
Employee Costs	10	69,316	67,123	2,193	Employee costs are projected to finish favourably in net terms by \$2.19m by year-end. This due to: \$3.41m - Projected savings in employee costs due to the timing of recruitment of vacant positions including those positions tied to grant expenditure. Council is also actively managing resources given volatility of service demand due to COVID. The favourable variance is mostly offset by: (\$1.22m) - Information & Technology Restructure resulting in a conversion of Contract labour (agency) to Council employees. Increase in employee costs is offset by savings in Materials and Services.

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Income/Expenditure Type		Full Year Approved Budget	1st Qtr Forecast	1st Quarter Forecast Variance to Adopted Budget	Approved Budget to 1st Quarter Forecast Variance Explanations
		(000's)	(000's)	(000's)	
Material Costs	11	93,965	100,354	(6,389)	<p>Contracts and Materials are forecasted to overspend FY Budget by (\$6.39m) due to:</p> <p>(\$5.36m) - Forecasted overspend associated with unbudgeted operating grant funding. While some of this relates to unbudgeted grants received in 2021/22, much of the external funding is currently sitting on balance sheet as unearned income, however Council has been conservative in not forecasting the corresponding revenue recognition until indication that performance obligations of the grant are likely to be met have been received from the business. The most significant materials & services expenditure forecasts funded by unbudgeted external grant income include:</p> <p>** Covid - 19 Working for Victoria (W4V) - [(\$2.04m)]</p> <p>** CALD Communities Taskforce - [(\$0.63m)]</p> <p>** MTC Revitalisation Grants - [(\$0.46m)]</p> <p>** Commonwealth Home Support Programme (CHSP) - [(\$0.42m)]</p> <p>** Home and Community Care in Victoria - [(\$0.21m)]</p> <p>** Community Safety - [(\$0.21m)]</p> <p>** Rockbank North UDF - [(\$0.20m)]</p> <p>** Outdoor Eating & Entertainment Package - [(\$0.20m)]</p> <p>** Jobs Advocates - [(\$0.18m)]</p> <p>** Social Support Under 65 - [(\$0.15m)]</p> <p>** 34 Other minor grants - [(\$0.66m)]</p> <p>(\$2.10m) - Operations business unit was over budget due to:</p> <p>** Parks and Open Space Services Contract being significantly underestimated in budget for contracts and materials - [(\$0.99m)]</p> <p>** Utilities in Parks and Open Space and Property Services primarily relating to unpaid and unreconciled bills in 2020/21 and higher than anticipated costs - [(\$0.80m)]</p> <p>** Traffic Management costs associated with drive through Covid vaccinations at Bunnings. It is expected that costs will be recovered from DHHS - [(\$0.37m)]</p> <p>(\$0.87m) - Higher than anticipated expensed capital project costs such as tree planting and other items not meeting asset capitalisation thresholds.</p> <p>(\$0.75m) - Waste Management costs are projected to overspend mainly due to under budgeting of transfer station contract payments.</p> <p>(\$0.17m) - Other minor unfavourable variances.</p> <p>Unfavourable variances are partly offset by:</p> <p>\$2.30m - Information & Technology Restructure resulting in a conversion of Contract labour (agency) to Council employees, and other savings.</p> <p>\$0.65m - Savings are projected in Festival & Events such as the Flavour Fest and Djerriwarrh Festival which have not/will not occur in 2021/22 due to Covid restrictions and event cancellations.</p>
Bad and Doubtful Debts	12	440	501	(61)	<p>Bad and doubtful debts are made up of infringement withdrawals infringement debts deemed unrecoverable. This can be due to infringements issued with errors, being withdrawn, or being voided due to legislative timeframes for internal review not being met. Forecast has been increased based on the trend of YTD actuals.</p>
Depreciation and Amortisation	13	46,081	46,505	(424)	<p>Depreciation is higher than budgeted and is based on predicted depreciation from Council's asset management system. This is mainly driven by higher than anticipated asset balances associated with higher non monetary contributions.</p>
Borrowing Costs	14	646	646	0	
Finance Cost- Leases	15	32	32	0	
Total Expenditure		210,481	215,162	(4,681)	
Total Surplus/Deficit Before Transfers		279,090	290,369	11,279	
Underlying Operating Results Surplus/(Deficit)		(3,589)	(4,344)	(754)	

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Item 6.3 Finance Report - Period Ended 30 September 2021

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Balance Sheet Statement	2021/2022	2020/2021	2021/2022
	Actuals	Last Year Actuals	Budget
	Sep-21	Jun-21	Full Year
	\$(000's)	\$(000's)	\$(000's)
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	390,553	368,179	328,295
Trade and Other Receivable	127,101	22,806	58,419
Inventories	28	28	24
Assets Classified as Held for Resale	129	674	2,662
Other Assets	18,256	16,931	19,551
TOTAL CURRENT ASSETS	536,067	408,618	408,951
NON CURRENT ASSETS			
Infra, Property Plant & Equipment (Inc. WIP)	2,778,541	2,771,558	3,142,312
Inventories	65	65	21
Investment Property	6,975	6,975	7,380
Intangibles	2,704	2,704	2,377
Right Of Use Assets	967	1,136	1,037
TOTAL NON CURRENT ASSETS	2,789,252	2,782,438	3,153,127
TOTAL ASSETS	3,325,319	3,191,056	3,562,078
CURRENT LIABILITIES			
Trade and Other Payables	46,177	51,744	45,116
Trust Funds, Deposits and Other Liabilities	6,988	18,055	8,294
Unearned Income	22,886	22,886	0
Provisions	13,150	13,084	12,568
Interest-Bearing Loans and Borrowings	2,402	2,402	6,143
Lease Liability	640	640	531
TOTAL CURRENT LIABILITIES	92,243	108,811	72,653
NON CURRENT LIABILITIES			
Provisions	1,572	1,503	1,813
Interest-Bearing Loans and Borrowings	7,674	8,272	15,185
Lease Liability	508	508	521
Other Non Current Liabilities (Incl Trust Funds)	23,624	9,238	15,146
TOTAL NON CURRENT LIABILITIES	33,378	19,520	32,665
TOTAL LIABILITIES	125,621	128,332	105,317
NET ASSETS	3,199,698	3,062,724	3,456,760
EQUITY			
Accumulated Surplus	1,968,438	1,847,702	2,091,838
Reserves	1,231,260	1,215,022	1,364,921
TOTAL EQUITY	3,199,698	3,062,724	3,456,760

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Balance Sheet - Comments**General:**

The following comments relate to the balance sheet and the cash flow statement on page 11 and 14 respectively.

Current Assets:**Cash & Investments**

Council's cash position (including Investments), as at 30 September 2021 was \$390.5m, which represents an increase of \$22.4m from the \$368.2m opening cash position as at 1 July 2021. Details of inflow and outflow of funds are detailed in the Cash Flow Statement on page 14.

	\$'000's	\$'000's
Cash at 1 st July 2021		\$368,179
Plus: Net Inflow/(Outflow) from operating activities	\$43,387	
Less Net Inflow/(Outflow) from Investing activities	(\$20,349)	
Less Net Inflow/(Outflow) from financing activities	(\$664)	
Net Increase/(decrease) in cash held		\$22,374
Cash and Investments on hand at 30 September 2021		\$390,553

Receivables:

Total receivables outstanding as at 30 September 2021 amounted to \$127.1m, which included rate debtors of \$118.7m. The total outstanding receivables comprised: -

Receivables	30 September 2021 (000's)	30 September 2020 (000's)
Rate Debtors	\$118,681	\$114,473
Infringements & Local Laws Debtors	\$5,301	\$5,525
Sundry & other debtors net of provision for doubtful debts	\$3,119	\$2,327
Total Receivables	\$127,101	\$122,325

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Non-Current Assets:**Infrastructure, Plant & Equipment**

The value of Council's property, plant & equipment has increased by \$6.98m from 30 June balance of \$2.772b. This increase is net of any addition of new assets offset by the depreciation charge for the YTD period.

Intangible Asset

The intangible assets of \$2.7m represent non-exclusive licence granted to Melton City Council by Department of Education and the Caroline Springs College for the use of CS College Creekside Campus and the Spring side Children's and Childcare facility built on DOE land and Kororoit Creek Learning Centre. The balance represents Council's contributions net of amortisations.

Current & Non-Current Liabilities:**Payables**

Creditors have decreased by \$5.6m from the June 2021 balance of \$51.7m to \$46.2 at balance date. The outstanding payables amount varies from month to month depending upon the status of the accounts payable cycle.

Employee Benefits

Employee benefits represent current and non-current components of annual and long service leave liabilities at balance date. Current component of the liability being the amounts to be settled within the 12 months after the reporting period estimated at \$13.2m, with the non-current at \$1.6m. Any transfers to and from employee benefit will occur at year end.

Interest Bearing Liabilities:

Total loan liability as at 30 September 2021 is \$10.1m. There was no principal repayment for the first quarter.

Working Capital and Liquidity:

The working capital ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities. The working capital ratio for the YTD period is 1:5.81. The after removing the impact of rate debtors is 1:4.52

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Cash Flow Statement	2021/2022	2020/2021	2021/2022
	Actuals	Last Year Actuals	Budget
	Sep-21 \$(000's)	Jun-21 \$(000's)	Full Year \$(000's)
Cash Flow from Operating Activities			
Finance Report			
General Rates	37,008	134,733	146,020
Statutory Fees and Fines	3,367	11,090	9,444
User Fees	2,763	9,802	11,049
Grants Income - Operating	6,682	38,396	32,290
Grants Income - Capital	1,536	17,098	9,720
Contributions - Monetary	19,039	33,000	96,942
Interest	404	2,125	2,930
Trust Funds and Deposits Taken	3,319	9,102	(2,038)
Other Revenue	11,800	23,210	4,343
Net GST Refund/Payment	3,625	17,564	313
PAYMENTS			
Employee Costs	(24,156)	(57,517)	(68,876)
Materials and Services	(22,000)	(83,706)	(93,147)
Other Payments	0	(4,280)	(170)
NET CASH FROM OPERATING ACTIVITIES	43,387	150,617	148,820
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for Acquisition of Non-Current Assets	(24,277)	(58,215)	(177,883)
Proceeds from Sale of Non-Current Assets	3,928	27,966	18,152
NET CASH FROM INVESTING ACTIVITIES	(20,349)	(30,249)	(159,731)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings	(598)	(2,306)	(6,043)
Finance Costs	(66)	(494)	(646)
Proceeds from Borrowings	0	0	16,698
Interest Paid - Lease Liability	0	(25)	0
Repayment of Lease Liability	0	(364)	(674)
NET CASH FROM FINANCING ACTIVITIES	(664)	(3,189)	9,334
NET INCREASE/(DECREASE) IN CASH HELD	22,374	117,179	(1,577)
CASH POSITION			
Cash Balance at Beginning- as at 1st July	368,179	251,000	329,872
Cash Balance at End of Period	390,553	368,179	328,295

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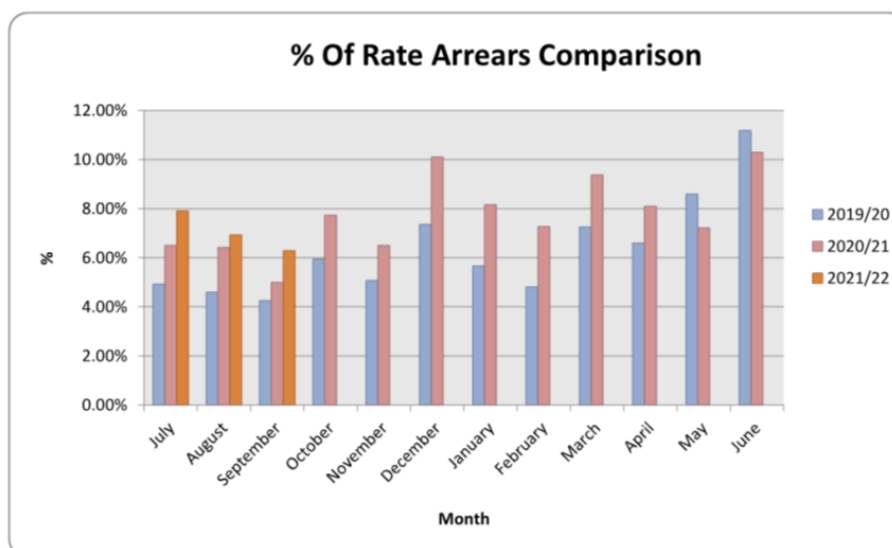
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Analysis of Overdue Instalment Rate Debtors - 30 September 2021*(Excluding Fire Service Levy)*

Overdue Rate Debtors	No of Properties	Debts Outstanding (\$)
Owings		
<i>Less Than \$1000</i>	2,484	1,005,098
<i>\$1000 to \$1999</i>	958	1,396,524
<i>\$2000 to \$4999</i>	1,086	3,371,107
<i>\$5000 to \$10,000</i>	280	1,919,979
<i>Greater Than 10,000</i>	132	2,231,167
Total	4,940	9,923,875

There are 708 Properties in credit. Total Credit is \$891,903



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Summary of Overdue Rate Debt Arrears & Recovery Actions as at 30 September 2021

SUMMARY OF OVERDUE RATE DEBT ARREARS & RECOVERY AS AT 30 September 2021	NO OF PROPERTIES	RATE DEBTS OUTSTANDING \$000'S
Total Debt Recovery Action In Progress	333	2,682
Arrangements in place - Non Legal	897	686
Properties that Midstate are doing Courtesy Calls for	-	-
Properties with no recovery/arrangements in place	3,710	6,556
TOTAL	4,940	9,924

*Rate Balances & Collection Details
2021-2022*

Rate Collection Details	Jul-Sep (\$'000)	Oct - Dec (\$'000)	Jan-March (\$'000)	Apr-June (\$'000)
Outstanding debtor balance as at 1 July	11,470			
Rates raised in 2021-2022	142,417			
Interest raised to date	141			
Rebates, adjustment and unallocated Pmts	(4,151)			
Supplementary rates raised	5,812			
Total to be collected	155,689	-	-	-
Amount Collected during the period	37,008			
Balance to be collected	118,681			



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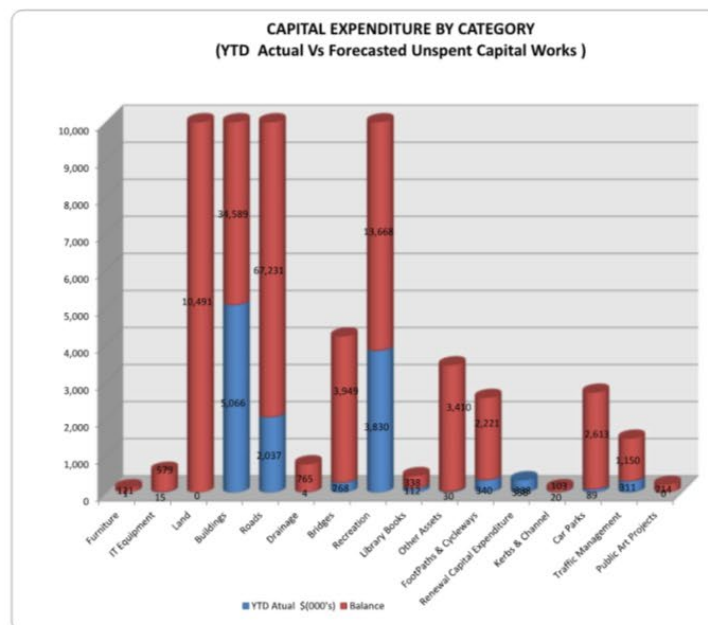
CAPITAL EXPENDITURE BY CATEGORY

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1st Quarter Ended 30 September 2021

2021/2022 FINANCIAL YEAR

CAPITAL EXPENDITURE	YTD Actual	YTD Budget	YTD Variance	2021/22 Approved Budget	1st Qtr Forecast	1st Qtr Forecast Variance to Budget
	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Furniture	1	31	29	122	110	12
IT Equipment	15	149	133	594	516	78
Land	0	2,623	2,623	10,491	10,491	(0)
Buildings	5,066	9,914	4,848	39,655	39,963	(308)
Roads	2,037	17,317	15,280	69,268	47,066	22,202
Drainage	4	192	188	769	578	191
Bridges	268	1,054	786	4,218	2,915	1,303
Recreation	3,830	4,374	544	17,498	24,623	(7,125)
Library Books	112	113	0	450	456	(6)
Other Assets	30	860	830	3,440	3,603	(163)
Footpaths & Cycleways	340	640	300	2,560	2,639	(78)
Renewal Capital Expenditure	338	0	(338)	0	918	(918)
Kerbs & Channel	20	31	10	123	163	(40)
Car Parks	89	676	586	2,703	3,357	(655)
Traffic Management	311	365	54	1,461	1,089	372
Public Art Projects	0	54	54	214	161	54
Total Capex Excl Capital DCP in Kind	12,462	38,391	25,932	153,565	138,646	14,919
Capital DCP in Kind	6,630	6,622	(8)	40,293	46,187	(5,894)
Total Capital Expenditure	19,092	45,013	25,921	193,859	184,833	165,741



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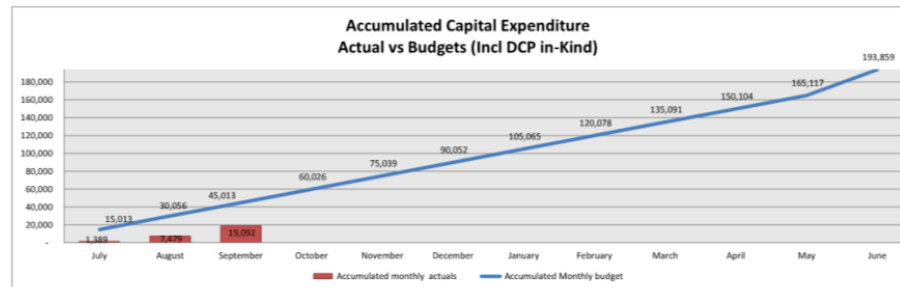
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MONTHLY ANALYSIS OF CAPITAL EXPENDITURE
2021/2022 FINANCIAL YEAR

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CAPITAL EXPENDITURE	Total \$(000's)	JUL \$(000's)	AUG \$(000's)	SEP \$(000's)	OCT \$(000's)	NOV \$(000's)	DEC \$(000's)	JAN \$(000's)	FEB \$(000's)	MAR \$(000's)	APR \$(000's)	MAY \$(000's)	JUN \$(000's)
0602 - Furniture	1	0	0	1									
0603 - IT Equipment	15	14	1	0									
0604 - Land	0	0	0	0									
0605 - Buildings	5,066	576	3,091	1,398									
0606 - Roads	2,037	100	476	1,460									
0607 - Drainage	4	0	1	3									
0608 - Bridges	268	38	92	138									
0609 - Recreation	3,830	502	2,119	1,209									
0610 - Library Books	112	0	47	65									
0611 - Other Assets	31	0	0	31									
0613 - FootPaths & Cycleways	339	0	58	281									
0614 - Renewal Capital Expenditure	338	154	184	0									
0616 - Kerbs & Channel	20	0	0	20									
0617 - Car Parks	89	4	19	66									
0618 - Traffic Management	311	0	0	311									
0620 - Public Art Projects	0	0	0	0									
Total Capital Expenditure Excl Capital DCP In Kind	12,462	1,389	6,089	4,984	0	0	0	0	0	0	0	0	0
Capital DCP In Kind	6,630	0	0	6,630									
TOTAL CAPITAL EXPENDITURE	19,092	1,389	6,089	11,614	0	0	0	0	0	0	0	0	0



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Capital Projects Report for the month of September 2021

Project	YTD Actuals	Council Adopted Budget plus Carry Forwards	Qtr 1 - Full year Forecast	Q1 Forecast Variance against Total Capital Budget	Net Funding Variations	Total Funding Approved for 2021/22 Capital Projects (CF to 2022/23)	Estimated Project Expenditure of 2021/22 Capital Projects (incl of CF to 2022/23)	Percent of Budget Spent
Totals	12,461,666	173,623,773	138,645,471	34,978,302	6,256,412	41,234,714	179,880,185	
13118-Mt Atkinson East Community Hub (PY 13172)	98,630	12,199,226	12,199,226	0	(0)	0	12,199,226	
13082-Diggers Rest Community Pavilion and Oval No.	30,929	8,553,454	7,500,000	1,053,454	(0)	1,053,454	8,553,454	
03222-Bridge Road Extension	351,063	8,300,000	8,300,000	0	(0)	0	8,300,000	
03517-Melton Recycling Facility - Stage 2	15,740	7,548,000	4,250,000	3,298,000	(0)	3,298,000	7,548,000	
03170-Renewal Program - Sealed Roads (PY 08756)	194,793	6,584,634	6,584,634	(0)	0	0	6,584,634	
03908-PSP-Public Open Space Compensation	0	6,395,976	6,395,977	(1)	1	0	6,395,977	
08910-PR20 Cobblebank Indoor stadium	2,824,079	5,998,403	5,998,403	0	(0)	0	5,998,403	
13026-Taylors Rd/Westwood Dr - Signalised Intersec	606,469	5,275,458	900,000	4,375,458	0	4,375,458	5,275,458	
13150 and 13190-PR98 Macpherson Park Redevelopment - Stage 2	2,370,950	5,190,800	3,940,000	1,250,800	0	1,250,800	5,190,800	
13089-Bridge Road Recreation Reserve-Community Pav	0	5,130,671	130,000	5,000,671	(0)	5,000,671	5,130,671	
03090-Unsealed Road Upgrades (PY13077)	669	5,073,922	3,216,500	1,857,422	(0)	1,857,422	5,073,922	
13022-Bulmans Road, West Melton - Urbanisation	39,203	4,794,670	1,620,000	3,174,670	0	3,174,670	4,794,670	
14007-Intersection - Greigs Road and Mt Atkinson R	0	4,581,652	4,581,652	(0)	0	0	4,581,652	
08846-Caroline Springs Blvd/Rockbank Middle Rd Sig	29,870	4,123,894	700,000	3,423,894	0	3,423,894	4,123,894	
08475-PR78 Plumpton Aquatic & Leisure Centre	0	4,000,000	4,000,000	0	0	0	4,000,000	
13122-Taylors Rd/Sinclair Rd - Signalised Interse	25,646	3,808,354	400,000	3,408,354	(3)	3,408,351	3,808,351	
14008-Greigs Road-North South Connector Road	0	3,692,601	3,692,601	0	0	0	3,692,601	
13091-Taylors Road/Plumpton Road-Signalised Inters	61,208	3,530,000	400,000	3,130,000	0	3,130,000	3,530,000	
05159-Melton Recreation Reserve Pavilion Redevelop	0	3,300,000	900,000	2,400,000	0	2,400,000	3,300,000	
08770-Renewal Program - Building Components	144,403	3,174,184	3,080,184	94,000	(94,000)	0	3,080,184	
13117-Troups Rd South (Greigs to Boundary) - Road	20,571	2,900,000	2,900,000	(0)	0	0	2,900,000	
13078-Brooklyn/Station Rd-Signalised Intersection/	341,684	2,814,822	600,000	2,214,822	0	2,214,822	2,814,822	
08871-Hume Drive Stage 2-Calder Park Dr - Gourlay R	7,100	2,472,954	2,472,954	0	0	0	2,472,954	
08847-Caroline Springs Blvd/The Crossing-Signalise	79,997	2,400,000	300,000	2,100,000	0	2,100,000	2,400,000	
13143-Unsealed Car Parks Upgrade - Various	55,600	2,386,260	2,386,260	(0)	0	0	2,386,260	
14006-Intersection - Hopkins Rd and Neale Road	0	2,337,961	2,337,961	(0)	0	0	2,337,961	
13083-Silverdale Estate - Sound Walls	25,916	2,080,000	2,080,000	(0)	0	0	2,080,000	
13015-Pedestrian Level Crossing Upgrades	0	2,050,000	2,050,000	(0)	0	0	2,050,000	
13074-Sinclair Road, Deanside - Bridge Construct	129,609	2,000,000	600,000	1,400,000	0	1,400,000	2,000,000	
08607-Burnside Heights Recreation Reserve Upgrades	0	1,983,045	1,850,000	133,045	(133,045)	0	1,850,000	
13116-Parks Development Program	669	1,978,177	1,218,177	760,000	(760,000)	0	1,218,177	
13133-Taylors Rd Duplication & Int Upgrade of Gour	30,509	1,965,500	300,000	1,665,500	0	1,665,500	1,965,500	
06013-PR16 - Renewal of Synthetic Playing Surfaces	598,184	1,908,783	1,908,783	0	(0)	0	1,908,783	
13127-Taylors Hill Youth & Community Ctr - Ext & Up	2,999	1,900,744	1,700,000	200,744	399,256	600,000	2,300,000	
08906-Macpherson Park - Unsealed Car Park	33,708	1,818,048	971,208	846,840	0	846,840	1,818,048	
13129-Western Region Emergency Network Warehouse	446,335	1,740,844	1,740,844	0	0	0	1,740,844	
13128-Alfred Rd, Cobblebank-Rd Construction (Contr	0	1,500,000	1,500,000	0	0	0	1,500,000	
08711-Diggers Rest Community Cen/BURRS -Improve to	0	1,432,500	1,432,500	0	0	0	1,432,500	
13121-Arnolds Creek Children & Community Centre 3r	622,621	1,374,500	1,374,500	0	(0)	0	1,374,500	
13035-Shogaki Drive, Cobblebank Road Construction	0	1,350,000	1,350,000	0	0	0	1,350,000	
03140-PR28 - Footpath Renewal Program	145,941	1,347,865	1,347,865	(0)	0	0	1,347,865	

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Project	YTD Actuals	Council Adopted Budget plus Carry Forwards	Qtr 1 - Full year Forecast	Q1 Forecast Variance against Total Capital Budget	Net Funding Variations	Total Funding Approved for 2021/22 Capital Projects (CF to 2022/23)	Estimated Project Expenditure of 2021/22 Capital Projects (incl of CF to 2022/23)	Percent of Budget Spent
13076-PR89 Solar Retrofit Program	1,873	1,340,906	1,340,906	0	0	0	1,340,906	
13062-Road Safety Project - Creamery Road, Toolern	7,860	1,200,000	1,200,000	0	0	0	1,200,000	
05409-Brookside Pavilion redevelopment	646,505	1,186,800	1,186,800	0	0	0	1,186,800	
14010-Intersection - North South Local Access Stre	0	1,135,978	1,135,978	(0)	0	0	1,135,978	
08892-PR48 Eynesbury Sporting Facility	43,434	1,089,437	600,000	489,437	(399,437)	90,000	690,000	
14004-Cobblebank Community Pavilion and Grandstand	0	1,000,000	1,000,000	(0)	0	0	1,000,000	
03732-Major Traffic Management Upgrade Program	311,042	925,708	789,090	136,618	(136,618)	0	789,090	
13068-Eynesbury Station Early Learning Centre	20,004	815,000	31,254	783,746	(768,596)	15,150	46,404	
13020-Taylors Rd (West Botanical Dr to West City V	0	793,000	793,000	0	0	0	793,000	
03721-Traffic Management Devices Program	0	780,000	300,000	480,000	(0)	480,000	780,000	
03110-Shared Path Construction Program	193,607	764,679	764,679	(0)	0	0	764,679	
05142-Hillside Recreation Pavilion Refurbishment	183,141	625,810	916,260	(290,450)	290,450	0	916,260	
02033-Annual IT Device Replacement	0	594,000	500,000	94,000	(94,000)	0	500,000	
13086-Cobblebank Community Pavilion and Grandstand	0	500,000	500,000	0	0	0	500,000	
03124-New Footpaths Construction Program	0	477,261	477,261	0	0	0	477,261	
14012-Rondabout - Minns Road and Coburns Road	0	470,002	470,002	(0)	0	0	470,002	
02305-Library Collection	112,991	450,000	450,000	0	0	0	450,000	
07035-PR48 Female Change Room Upgrade	6,640	440,500	440,500	0	0	0	440,500	
13000-Public Art Installation	0	406,274	153,016	253,258	(242,543)	10,715	163,731	
08727-Renewal Program - Tennis/Netball Courts	800	401,372	301,829	99,543	(0)	99,543	401,372	
13146-Springside Recreation Reserve	0	362,545	362,545	0	0	0	362,545	
13016-Banchory Green in Banchory Park Rejuvenation	1,480	350,000	350,000	0	(0)	0	350,000	
08729-Roadside Hazard Safety Improvements Program	0	349,381	186,525	162,856	(142,856)	20,000	206,525	
14005-Diggers Rest Rec Reserve - Cricket net relo	0	340,000	340,000	(0)	0	0	340,000	
08713-Renewal Program - Netball Courts	0	314,077	200,000	114,077	0	114,077	314,077	
08726-Drainage Infrastructure Program	0	308,972	180,750	128,222	0	128,222	308,972	
14002-Pound Redevelopment Program	0	300,000	300,000	0	0	0	300,000	
08021-Caroline Springs Community Facility	0	275,000	275,000	(0)	0	0	275,000	
08826-Moretton Homestead: Taylors Hill YCB	0	265,000	265,000	0	0	0	265,000	
06017-Renewal Program - Irrigation Systems	2,454	257,500	257,500	(0)	0	0	257,500	
06003-PR71 - Open Space Structures Renewal Program	-430	250,631	250,202	430	(430)	0	250,202	
05167-Renewal Program - Sportsground Furniture	25,750	249,397	181,444	67,953	0	67,953	249,397	
07033-Renewal Program - Public Conveniences replac	0	249,130	249,130	0	0	0	249,130	
13131-Sporting Ground Upgrade	1,590	243,555	243,555	0	0	0	243,555	
03252-Water Sensitive Urban Design Program	0	243,049	138,337	104,712	(104,712)	0	138,337	
10001-Sports Pavilion Kitchen Upgrade Program	995	236,671	237,666	(995)	995	0	237,666	
13088-Melton Community Pavilion	14,510	227,137	900,000	(672,863)	672,863	0	900,000	
13144-Female Friendly Changeroom Project-Melton St	14,150	200,000	200,000	0	(0)	0	200,000	
13145-Female Friendly Changeroom Projects - Mt Car	1,750	200,000	200,000	0	(0)	0	200,000	
Combined Projects Under \$200,000 Budget	1,536,425	7,099	8,767,015	(8,759,916)	7,769,088	-990,828	7,776,187	

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Summary of Major Proposed Carry Forwards to 2022/23	1 QTR Proposed Carry Forward	Explanation
13089-Bridge Road Recreation Reserve-Community Pav	5,000,671	The master plan for the reserve is currently being reviewed prior to design commencing on the project. Construction will occur in 2022/23.
13026-Taylors Rd/Westwood Dr - Signalised Intersec	4,375,458	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
08846-Caroline Springs Blvd/Rockbank Middle Rd Sig	3,423,894	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
13122-Taylors Rd/Sinclair Rd - Signalised Interse	3,408,351	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
03517-Melton Recycling Facility - Stage 2	3,298,000	The design and construction contract was awarded at the October Council meeting. Design work will take place in the current financial year with the majority of construction occurring during 2022/23.
13022-Bulmans Road, West Melton - Urbanisation	3,174,670	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
13091-Taylors Road/Plumpton Road-Signalised Inters	3,130,000	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
05159-Melton Recreation Reserve Pavilion Redevelop	2,400,000	The project spans multiple financial years. Construction will commence later this FY but will not be completed in the current FY. Carried forwards funds are required to complete the project in 2022/23.
13078-Brooklyn/Station Rd-Signalised Intersection/	2,214,822	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
08847-Caroline Springs Blvd/The Crossing-Signalise	2,100,000	The project spans multiple financial years. The project is quite complex and currently in the design stage which is
03090-Unsealed Road Upgrades (PY13077)	1,857,422	The program spans multiple years. Boundary Rd upgrade will be completed this FY and remaining funds will be carried forward for projects currently in the planning stage.

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Summary of Major Proposed Carry Forwards to 2022/23	1 QTR Proposed Carry Forward	Explanation
13133-Taylors Rd Duplication & Int Upgrade of Gour	1,665,500	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
13074-Sinclairs Road, Deanside - Bridge Construct	1,400,000	The project spans multiple financial years. The project is quite complex and currently in the design stage which is taking longer than anticipated. The project will be tendered later this financial year with the majority of construction occurring in 2022/23.
13082-Diggers Rest Community Pavilion and Oval No.	1,053,454	The project spans multiple financial years. The project has commenced but will not be completed in the current FY. Carried forwards funds are required to complete the project in 2022/23.
13127-Taylors Hill Youth & Community Ctr- Ext & Up	600,000	The project spans multiple financial years. Construction will commence later this FY but will not be completed in the current FY. Carried forwards funds are required to complete the project in 2022/23.
03721-Traffic Management Devices Program	480,000	This is a program of works. Not all projects in the current FY program will be completed in 2021/22. Carried forward funds are required to complete the program in 2022/23.

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6.4 END OF YEAR CAPITAL EXPENDITURE REPORT FOR 2020-21**Author: David Caligari - Manager Capital Projects****Presenter: David Caligari - Manager Capital Projects****PURPOSE OF REPORT**

To present the 2020-21 End of Year Capital Expenditure Report.

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 4

Mr. Mansoor/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED**AUDIT & RISK COMMITTEE DISCUSSION POINTS**

Mr Caligari provided a summary overview of the 2020-21 End of Year Capital Expenditure Report.

REPORT**1. Executive Summary**

This report provides an overview of the capital expenditure outcomes for 2020-21 including major variances and carry forwards with explanatory commentary.

2. Background/Issues

The total capital funds available for 2020-21 was \$126M and was made up of the Council adopted budget, carry forward funds and unbudgeted capital grants. The total expenditure for 2020-21 was \$61.6M or 49% of the available funds with the remainder being carried forward to 2021-22 to complete the projects. The attached report "2020-21 End of Year Capital Expenditure Report" provides details of the major variances and carry forwards that exceeded \$500k with explanations providing the reason for the variance and/or carry forward. For the most part the reasons are events or circumstances outside Council's control such as:

- COVID-19
- Servicing Authority delays
- Protracted approval processes
- Land development delays
- External grants received that due to timing of announcements weren't budgeted
- Project profiling over multiple financial years

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- Resource constraints due to market conditions

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

7. End of Year Capital Expenditure Report

4. Financial Considerations

The table below provides a high level summary of the total capital funds available for 2020-21 vs the total capital funds expended or carried forward for 2020-21. The attached report "2020-21 End of Year Capital Expenditure Report" provides a more detailed breakdown of the major variances and carry forwards including explanatory comments.

Total Capital Funds Available			Total Capital Funds Expended or Carried Forward				
Council Adopted Budget	Unbudgeted Capital Grants	Total Funds Available	YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Funds Spent or Carried Forward 2020/21	
\$113,513,938	\$12,520,357	\$126,034,295	\$61,559,765	\$44,969,812	\$20,058,343	\$126,587,920	

5. Consultation/Public Submissions

N/A

6. Risk Analysis

Capital Expenditure reporting will ensure Council's continued compliance with the legislative requirements.

7. Options

The Audit and Risk Committee can:

1. Recommend to Council that it note the report as per the recommendation.
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. 2020-21 End of Year Capital Expenditure Report

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Item 6.4 End of Year Capital Expenditure Report for 2020-21

Appendix 1 2020-21 End of Year Capital Expenditure Report

4th (final) Quarter Capital Audit Committee Report

A vibrant, safe and liveable City accessible to all



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Item 6.4 End of Year Capital Expenditure Report for 2020-21

Appendix 1 2020-21 End of Year Capital Expenditure Report

2020/21 Final Year Results

Total Capital Funds Available			Total Capital Funds Expended or Carried Forward				
Council Adopted Budget	Unbudgeted Capital Grants	Total Funds Available		YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Funds Spent or Carried Forward 2020/21
\$113,513,938	\$12,520,357	\$126,034,295		\$61,559,765	\$44,969,812	\$20,058,343	\$126,587,920



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Item 6.4 End of Year Capital Expenditure Report for 2020-21

Appendix 1 2020-21 End of Year Capital Expenditure Report

Major Variances and Carry Forward

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
08475 - PR78 Plumpton Aquatic & Leisure Centre	4,000,000		4,000,000	0	4,000,000	4,000,000		4,000,000
13015 - Pedestrian Level Crossing Upgrades	0		0	1,431,898	-1,431,898			0
13177 - MCC Accommodation Refit	1,250,000		1,250,000	3,593,449	-2,343,449			0
01605 - Plant Purchases/Replacement	1,364,000		1,364,000	26,433	1,337,567			0
13035 - Shogaki Drive, Cobblebank Road Construction	1,350,000		1,350,000	0	1,350,000	1,350,000		1,350,000
05175 - Melton Secondary College Sports Field	2,330,000		2,330,000	0	2,330,000			0
13086 - Cobblebank Community Pavilion and Grandstand	500,000		500,000	0	500,000		500,000	500,000
13077 - Boundary Road (Mt. Cottrell Rd) - (FY 3090)	4,411,922		4,411,922	2,775	4,409,147	4,411,922		4,411,922
13059 - PR99 CS Community Pavilion Extension	760,375		760,375	145,354	615,021		150,000	150,000
13068 - Eynesbury Station Early Learning Centre	3,624,357		3,624,357	2,805,381	818,976		800,000	800,000
03517 - Melton Recycling Facility - Stage 2	3,298,000		3,298,000	187,670	3,110,330	3,298,000		3,298,000
13129 - Western Region Emergency Network Warehouse	1,940,000		1,940,000	199,156	1,740,844	800,000	940,844	1,740,844
13076 - PR89 Solar Retrofit Program	1,400,000		1,400,000	59,094	1,340,906	1,320,000	20,906	1,340,906
08770 - Renewal Program - Building Components	2,010,000		2,010,000	715,224	1,294,776		1,078,884	1,078,884
13190 - MacPherson Park Stage 2- Soccer Pavilion	0		0	816,395	-816,395			0
13083 - Silverdale Estate - Sound Walls	1,100,000		1,100,000	52,784	1,047,216	1,080,000		1,080,000
13127 - Taylors Hill Youth & Community Ctr- Ext & Upgrade	1,940,000		1,940,000	39,256	1,900,744	1,890,000	10,744	1,900,744
05409 - Brookside Pavilion redevelopment	2,124,500		2,124,500	356,533	1,767,967	1,100,000	56,800	1,156,800
08892 - PR48 Eynesbury Sporting Facility	10,381,299		10,381,299	9,341,862	1,039,437	500,000	539,437	1,039,437
08910 - PR20 Cobblebank Indoor stadium	22,000,000		22,000,000	21,007,102	992,898		998,403	998,403
06013 - PR16 - Renewal of Synthetic Playing Surfaces	1,067,000		1,067,000	108,217	958,783	417,000	541,783	958,783
13020 - Taylors Rd (West Botanical Dr to West City Vista)	917,718		917,718	0	917,718	793,000		793,000
13082 - Diggers Rest Community Pavilion and Oval No. 02	1,633,782	2,500,000	4,133,782	340,328	3,793,454	733,782	3,059,672	3,793,454
13143 - Unsealed Car Parks Upgrade - Various	0		0	51,240	-51,240		1,011,260	1,011,260
13128 - Alfred Rd, Cobblebank-Rd Construction (Contributin)	1,500,000		1,500,000	0	1,500,000	1,500,000		1,500,000
07035 - PR48 Female Change Room Upgrade	700,256		700,256	0	700,256	400,256	40,244	440,500
13116 - Parks Development Program	1,063,400		1,063,400	0	1,063,400	120,000	908,177	1,028,177
03732 - Major Traffic Management Upgrade Program	981,000		981,000	55,324	925,676	681,000	244,708	925,708
03170 - Renewal Program - Sealed Roads (PY 08756)	4,545,624		4,545,624	2,407,184	2,138,440	2,645,624		2,645,624
08756 - Renewal Program - Sealed Roads (FY 3170)	717,802	504,367	1,222,169	105,669	1,116,500			0
13026 - Taylors Rd/Westwood Dr - Signalised Intersection	5,300,000		5,300,000	42,151	5,257,849	5,235,458		5,235,458
08846 - Caroline Springs Blvd/Rockbank Middle Rd Signals	4,170,472		4,170,472	103,431	4,067,041	4,073,894		4,073,894
13078 - Brooklyn/Station Rd-Signalised Intersection/Ped Cr	2,821,340		2,821,340	56,518	2,764,822	2,748,772	16,050	2,764,822
13120 - Taylors Rd(City Vista-Gourlay)-Rd Dupon & Signals	1,115,500		1,115,500	0	1,115,500			0
13133 - Taylors Rd Duplication & Int Upgrade of Gourlay Rd	1,000,000		1,000,000	376,780	623,220	1,965,500		1,965,500
08711 - Diggers Rest Community Cen/BURRS-Improve to facil	0	1,350,000	1,350,000	0	1,350,000			0
08872 - PR98 Macpherson Park Redevelopment - Stage 1	0	590,000	590,000	21,952	568,048			0
13062 - Road Safety Project - Creamery Road, Toolern Vale	0	600,000	600,000	0	600,000			0
13118 - Mt Atkinson East Community Hub (PY 13172)	0	3,380,000	3,380,000	0	3,380,000	168,000	3,212,000	3,380,000
03060 - Car Park Upgrades	0	1,062,500	1,062,500	0	1,062,500			0
03908 - PSP-Public Open Space Compensation	0		0	1,538,300	-1,538,300			0
03904 - PSP Council Funded Portion WIK/Land	0		0	1,807,575	-1,807,575			0
08906 - Macpherson Park - Unsealed Car Park	0		0	0	0		568,048	568,048



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Item 6.4 End of Year Capital Expenditure Report for 2020-21

Appendix 1 2020-21 End of Year Capital Expenditure Report

Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13129 - Western Region Emergency Network Warehouse	1,940,000		1,940,000	199,156	1,740,844	800,000	940,844	1,740,844
13076 - PR89 Solar Retrofit Program	1,400,000		1,400,000	59,094	1,340,906	1,320,000	20,906	1,340,906
08770 - Renewal Program – Building Components	2,010,000		2,010,000	715,224	1,294,776		1,078,884	1,078,884

Comment: These three projects/program were delayed due to Covid restrictions.
Carry forward required to complete projects in 2021/22

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13059 - PR99 CS Community Pavilion Extension	760,375		760,375	145,354	615,021		150,000	150,000
13068 - Eynesbury Station Early Learning Centre	3,624,357		3,624,357	2,805,381	818,976		800,000	800,000

Comment: These two projects were completed under budget. Carry forward required to finalise payments.



MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.4 End of Year Capital Expenditure Report for 2020-21

Appendix 1 2020-21 End of Year Capital Expenditure Report

Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13127 - Taylors Hill Youth & Community Ctr- Ext & Upgrade	1,940,000		1,940,000	39,256	1,900,744	1,890,000	10,744	1,900,744
05409 - Brookside Pavilion redevelopment	2,124,500		2,124,500	356,533	1,767,967	1,100,000	56,800	1,156,800
08892 - PR48 Eynesbury Sporting Facility	10,381,299		10,381,299	9,341,862	1,039,437	500,000	539,437	1,039,437
08910 - PR20 Cobblebank Indoor stadium	22,000,000		22,000,000	21,007,102	992,898		998,403	998,403
06013 - PR16 - Renewal of Synthetic Playing Surfaces	1,067,000		1,067,000	108,217	958,783	417,000	541,783	958,783
13020 - Taylors Rd (West Botanical Dr to West City Vista)	917,718		917,718	0	917,718	793,000		793,000
13082 - Diggers Rest Community Pavilion and Oval No. 02	1,633,782	2,500,000	4,133,782	340,328	3,793,454	733,782	3,059,672	3,793,454

Comment: These seven projects span multiple financial years. Carry forward required to complete project in 2021/22.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
08475 - PR78 Plumpton Aquatic & Leisure Centre	4,000,000		4,000,000	0	4,000,000	4,000,000		4,000,000

Comment: This is an allocation for land purchase for the Plumpton Aquatic Centre that hasn't yet occurred.



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Appendix 1 2020-21 End of Year Capital Expenditure Report

Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
07035 - PR48 Female Change Room Upgrade	700,256		700,256	0	700,256	400,256	40,244	440,500
13116 - Parks Development Program	1,063,400		1,063,400	0	1,063,400	120,000	908,177	1,028,177
03732 - Major Traffic Management Upgrade Program	981,000		981,000	55,324	925,676	681,000	244,708	925,708

Comment: These three programs are a multi-year programs with multiple ledgers for some individual projects.
Carry forward required to complete projects that were delayed in 2020/21.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22
13015 - Pedestrian Level Crossing Upgrades	0		0	1,431,898	-1,431,898		

Comment: This ledger is for costs associated with the pedestrian rail crossings funded through the Developer Contribution Plans. There is a DC allocation to offset this expenditure.



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Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13026 - Taylors Rd/Westwood Dr - Signalised Intersection	5,300,000		5,300,000	42,151	5,257,849	5,235,458		5,235,458
08846 - Caroline Springs Blvd/Rockbank Middle Rd Signals	4,170,472		4,170,472	103,431	4,067,041	4,073,894		4,073,894
13078 - Brooklyn/Station Rd-Signalised Intersection/Ped Cr	2,821,340		2,821,340	56,518	2,764,822	2,748,772	16,050	2,764,822
13120 - Taylors Rd(City Vista-Gourlay)-Rd Duplcn & Signals	1,115,500		1,115,500	0	1,115,500			0
13133 - Taylors Rd Duplication & Int Upgrade of Gourlay Rd	1,000,000		1,000,000	376,780	623,220	1,965,500		1,965,500

Comment: These five projects have seen delays incurred due to service authority relocation requirements.
The project will be tendered in the 2021/22 FY.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13177 - MCC Accommodation Refit	1,250,000		1,250,000	3,593,449	-2,343,449			0

Comment: Council approved additional expenditure on the civic centre accommodation project that is funded from the accommodation reserve..



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Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
08711 - Diggers Rest Community Cen/BURRS -Improve to facil	0	1,350,000	1,350,000	0	1,350,000			0
08872 - PR98 Macpherson Park Redevelopment - Stage 1	0	590,000	590,000	21,952	568,048			0
13062 - Road Safety Project - Creamery Road, Toolern Vale	0	600,000	600,000	0	600,000			0
13118 - Mt Atkinson East Community Hub (PY 13172)	0	3,380,000	3,380,000	0	3,380,000	168,000	3,212,000	3,380,000
03060 - Car Park Upgrades	0	1,062,500	1,062,500	0	1,062,500			0

Comment: These five projects have received unbudgeted income from various funding programs.
The projects are budgeted for completion in 2021/22

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
01605 - Plant Purchases/Replacement	1,364,000		1,364,000	26,433	1,337,567			0

Comment: Council has moved to novated leasing and therefore vehicle replacement has not occurred.



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Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
03908 - PSP-Public Open Space Compensation	0		0	1,538,300	-1,538,300			0
03904 - PSP Council Funded Portion WIK/Land	0		0	1,807,575	-1,807,575			0

Comment: These two ledgers relate to unbudgeted payments required in accordance with Developer Contribution Plan triggers.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
03170 - Renewal Program - Sealed Roads (PY 08756)	4,545,624		4,545,624	2,407,184	2,138,440	2,645,624		2,645,624
08756 - Renewal Program - Sealed Roads (FY 3170)	717,802	504,367	1,222,169	105,669	1,116,500			0

Comment: These two programs are made up of various road rehabilitation projects including the asphalt contract.
The asphalt contract is now complete. Outstanding road rehabilitation projects will be delivered in the 2021/22 FY.



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Appendix 1 2020-21 End of Year Capital Expenditure Report

Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13035 - Shogaki Drive, Cobblebank Road Construction	1,350,000		1,350,000	0	1,350,000	1,350,000		1,350,000

Comment: This is an allocation for land purchase for Shogaki Drive Cobbelbank that hasn't yet occurred.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
05175 - Melton Secondary College Sports Field	2,330,000		2,330,000	0	2,330,000			0

Comment: This project was abandoned by Victorian School Building Authority.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13086 - Cobblebank Community Pavilion and Grandstand	500,000		500,000	0	500,000		500,000	500,000

Comment: This project is being delivered by Developer and has been delayed.
Carry forward require to complete project in 2021/22.



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Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13077 - Boundary Road (Mt. Cottrell Rd) - (FY 3090)	4,411,922		4,411,922	2,775	4,409,147	4,411,922		4,411,922

Comment: This project is being jointly delivered by Wyndham and Melton Council. Project delayed due protracted MOA negotiations regarding cost sharing. Carry forward required to complete project in 2021/22.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13128 - Alfred Rd, Cobblebank-Rd Construction (Contributn)	1,500,000		1,500,000	0	1,500,000	1,500,000		1,500,000

Comment: This is a contribution to the construction activity occurring, that will be spent in the 2021/22 FY.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
03517 - Melton Recycling Facility - Stage 2	3,298,000		3,298,000	187,670	3,110,330	3,298,000		3,298,000

Comment: This project has been delayed due to budget constraints and a change in delivery methodology.



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Variance and Carry Forward Comments

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13083 - Silverdale Estate - Sound Walls	1,100,000		1,100,000	52,784	1,047,216	1,080,000		1,080,000

Comment: This project has been delayed due to challenges in meeting project requirements for the available budget.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
13143 - Unsealed Car Parks Upgrade - Various	0		0	51,240	-51,240		1,011,260	1,011,260

Comment: Expenditure against LRCI funded projects which has not yet been received to meet Dec 21 project completion deadline.

Master Account Description	Total Budget 2020/21	Unbudgeted Capital Grants 2020/21	Total Funds Available 2020/21	YTD Actuals 2020/21	Year End Variance - Total Funds Available vs YTD Actuals	Pre Budget Capital Carry Forwards to 2021/22	Post Budget Capital Carry Forwards to 2021/22	Total Carry Forward
08906 - Macpherson Park - Unsealed Car Park	0		0	0	0		568,048	568,048

Comment: This project is part of the Unsealed Car Parks Upgrade ledger above. Carry forward required to complete project in 2021/22.



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Mr Caligari departed from meeting at 12.45 pm.

6.5 INVESTMENT HOLDING REPORT AS AT 30 SEPTEMBER 2021

Author: Sam Rumoro - Manager Finance

Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Investment Holding Report for the 3 months ended 30 September 2021 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 5

Ms Gregory/Mr. Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr Rumoro informed the Committee that the current interest earned to date is unfavourable to budget due to lower than anticipated yields, but Council is still awaiting on the revised Investment Policy to be approved by State Government, which will enable a diversified portfolio to its investments with improved returns.

REPORT**1. Executive Summary**

This report outlines Council's investments, compliance to policy and performance of investments for 3 months ending 30 September 2021.

2. Background/Issues

This report provides a detailed analysis of Council's investments, including the amount invested within various institutions, compliance with investment policy and performance of investment portfolio against budget.

Council's total investment holding as at 30 September 2021 is \$362.83 million and YTD actual interest earned is \$0.38 million which is \$0.05 million unfavourable to budget. Unfavourable variance is due to lower than anticipated yields, with term deposit rates at historic lows. Council is still waiting on Revised Investment Policy Statement to be approved by the State Government, which will enable Council to diversify its investment income and achieve improved returns. The Investment Policy Statement was submitted to the State

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Government in October of 2020 following approval by Audit Committee and Council. The latest correspondence from the State on progress of application to have the Investment Policy Statement approved, said that the Treasurer has provided a response to the Minister on 23rd October 2021. Response will need further consideration from Local Government Victoria and the Ministers office before Council will be advised of outcome.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Work Plan references:

6. Quarterly Investment Holdings Report

4. Financial Considerations

Note the performance of investments and compliance with Council's investment policy.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Investment Holdings Report as at 30 September 2021

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

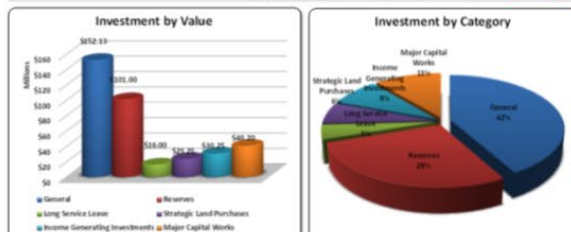
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Item 6.5 Investment Holding Report as at 30 September 2021

Appendix 1 Investment Holdings Report as at 30 September 2021

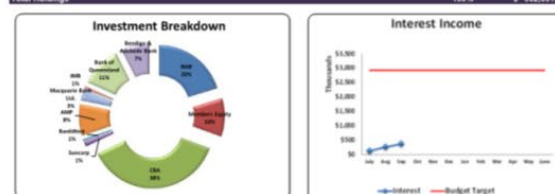
Investment Holding Report as at 30 September 2021

Category	YTD Investment	YTD Interest Actual	YTD Interest Budget	YTD Variance
General	\$ 152,131,648.89	\$ 162,800.62	\$ 150,000.00	\$ 12,800.62
Reserves	\$ 101,000,000.00	\$ 104,847.67	\$ 109,920.00	- \$ 5,072.33
Long Service Leave	\$ 16,000,000.00	\$ 18,225.75	\$ 19,980.00	- \$ 1,754.25
Strategic Land Purchases	\$ 23,250,000.00	\$ 30,414.67	\$ 87,465.00	- \$ 57,050.33
Income Generating Investments	\$ 30,250,000.00	\$ 32,987.12	\$ 30,000.00	\$ 2,987.12
Major Capital Works	\$ 40,250,000.00	\$ 30,192.05	\$ 30,000.00	\$ 192.05
	\$ 362,831,648.89	\$ 379,447.89	\$ 427,370.00	- \$ 47,922.11



Investments by Institutions

Rating	Institutions	Return	Maturity	Max. Percentage of Total Holdings per Rating	Max. Percentage of Total Holdings per Policy	Percentage of Total Holdings	Principal
A1+	NAB	0.25%	21/02/2022				\$ 5,000,000.00
A1+	NAB	0.30%	6/12/2021				\$ 10,000,000.00
A1+	NAB	0.30%	29/11/2021				\$ 8,000,000.00
A1+	NAB	0.30%	23/07/2022				\$ 5,100,000.00
A1+	NAB	0.30%	19/09/2022				\$ 10,250,000.00
A1+	NAB	0.33%	6/12/2021				\$ 6,000,000.00
A1+	NAB	0.34%	8/06/2022				\$ 5,250,000.00
A1+	NAB	0.26%	14/02/2022				\$ 18,000,000.00
A1+	NAB	0.28%	1/10/2022				\$ 6,000,000.00
A1+	NAB Total				40%	20%	\$ 73,800,000.00
A1+	CBA	0.45%	25/02/2022				\$ 13,000,000.00
A1+	CBA	0.45%	4/09/2022				\$ 5,000,000.00
A1+	CBA	0.45%	15/03/2022				\$ 13,000,000.00
A1+	CBA	0.45%	22/11/2021				\$ 10,000,000.00
A1+	CBA	0.42%	27/10/2021				\$ 6,000,000.00
A1+	CBA	0.48%	25/03/2022				\$ 3,000,000.00
A1+	CBA	0.36%	7/02/2022				\$ 15,000,000.00
A1+	CBA	0.49%	10/12/2021				\$ 5,000,000.00
A1+	CBA	0.34%	7/03/2022				\$ 2,000,000.00
A1+	CBA	0.34%	28/03/2022				\$ 5,000,000.00
A1+	CBA	0.46%	14/01/2022				\$ 5,000,000.00
A1+	CBA	0.46%	11/02/2022				\$ 8,000,000.00
A1+	CBA	0.43%	8/11/2021				\$ 16,000,000.00
A1+	CBA	0.43%	1/12/2021				\$ 4,000,000.00
A1+	CBA	0.39%	9/05/2022				\$ 20,000,000.00
A1+	CBA	0.39%	13/05/2022				\$ 5,000,000.00
A1+	CBA	0.38%	23/05/2022				\$ 3,000,000.00
A1+	CBA Total			100%	40.00%	38%	\$ 136,900,000.00
A1+	BankWest	0.05% At Call					\$ 1,955,299.03
A1+	BankWest Total			100%	40.00%	1%	\$ 1,955,299.03
A1+ Total							\$ 211,555,299.03
A2	Members Equity	0.45%	15/11/2021				\$ 6,000,000.00
A2	Members Equity	0.45%	29/11/2021				\$ 7,000,000.00
A2	Members Equity	0.45%	3/06/2022				\$ 9,000,000.00
A2	Members Equity	0.45%	8/06/2022				\$ 5,000,000.00
A2	Members Equity	0.50%	21/03/2022				\$ 4,000,000.00
A2	Members Equity	0.50%	15/03/2022				\$ 5,000,000.00
A2	Members Equity Total			40%	10%	10%	\$ 37,000,000.00
A2	AMP	0.50%	20/12/2021				\$ 10,000,000.00
A2	AMP	0.55% At Call					\$ 20,173,472.92
A2	AMP Total			40%	10%	8%	\$ 30,173,472.92
A2	IMB	0.30%	6/12/2021				\$ 3,000,000.00
A2	IMB Total			40%	10%	1%	\$ 3,000,000.00
A2	Bank of Queensland	0.45%	25/10/2021				\$ 6,000,000.00
A2	Bank of Queensland	0.57%	25/06/2022				\$ 8,000,000.00
A2	Bank of Queensland	0.50%	6/12/2021				\$ 6,000,000.00
A2	Bank of Queensland	0.50%	15/11/2021				\$ 7,500,000.00
A2	Bank of Queensland	0.50%	17/05/2022				\$ 5,000,000.00
A2	Bank of Queensland	0.50%	22/11/2021				\$ 5,000,000.00
A2	Bank of Queensland	0.50%	18/05/2022				\$ 3,500,000.00
A2	Bank of Queensland Total			40%	10.00%	11%	\$ 39,950,000.00
A2	Bendigo & Adelaide	0.45%	8/06/2022				\$ 10,000,000.00
A2	Bendigo & Adelaide	0.25%	30/03/2022				\$ 4,000,000.00
A2	Bendigo & Adelaide	0.30%	14/09/2022				\$ 5,000,000.00
A2	Bendigo & Adelaide	0.30%	1/10/2022				\$ 4,000,000.00
A2	Bendigo & Adelaide	0.35%	21/03/2022				\$ 2,000,000.00
A2	Bendigo & Adelaide	0.35%	25/03/2022				\$ 2,000,000.00
A2	Bendigo & Adelaide Bank Total			40%	10.00%	7%	\$ 27,950,000.00
A2 Total							\$ 136,273,472.92
A2	Suncorp	0.33%	4/03/2022				\$ 5,000,000.00
A2	Suncorp Total			60%	25.00%	1%	\$ 5,000,000.00
A2	Macquarie Bank L	0.25% At Call					\$ 10,002,876.74
A2	Macquarie Bank Ltd. Total			60%	25.00%	3%	\$ 10,002,876.74
A1 Total							\$ 15,902,876.74
Total Holdings						100%	\$ 362,831,648.89



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6.6 COUNCILLORS EXPENSES

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Councillors Expenses Report for the year ended 30 June 2021 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 6

Mr. Mansoor/ Ms Gregory

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

REPORT**1. Executive Summary**

This report outlines Councillors Expenses for the year ended 30 June 2021.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on Councillors expenses. Councillor expenses are reported publicly on a quarterly basis.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
24 c. Councillors Expenses

4. Financial Considerations

Note Councillors expenses for the year ended 30 June 2021.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Councillor Expenses Report 2020/21

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.6 Councillors Expenses

Appendix 1 Councillor Expenses Report 2020/21

Melton City Council

Schedule of Councillor Allowances and Expenses

For the year 1 July 2020 to 30 June 2021

Councillor	Conferences, Seminars & Training	Travel Local	Communication	Functions External to Civic Centre	Carer Expenses	Total	Councillor Allowance
Cr Ashleigh Vandenberg	\$ -	\$ -	\$ 1,012.20	\$ 218.18	\$ -	\$ 1,230.38	\$ 22,953.84
Cr Bob Turner	\$ 678.09	\$ -	\$ 2,738.43	\$ 595.88	\$ -	\$ 4,012.40	\$ 34,430.76
Cr Goran Kesic	\$ -	\$ -	\$ 894.18	\$ -	\$ -	\$ 894.18	\$ 34,430.76
Cr Julie Shannon	\$ -	\$ -	\$ 1,299.26	\$ 109.09	\$ -	\$ 1,408.35	\$ 22,953.84
Cr Kathy Majdlik	\$ 915.27	\$ 18.18	\$ 2,651.36	\$ 110.00	\$ 818.73	\$ 4,513.54	\$ 84,793.56
Cr Ken Hardy	\$ 550.00	\$ -	\$ 1,784.98	\$ 62.50	\$ -	\$ 2,397.48	\$ 11,476.92
Cr Lara Carli	\$ -	\$ -	\$ 1,797.19	\$ 174.09	\$ -	\$ 1,971.28	\$ 59,612.20
Cr Michelle Mendes	\$ -	\$ -	\$ 795.04	\$ 62.50	\$ -	\$ 857.54	\$ 11,476.92
Cr Moira Deeming	\$ -	\$ -	\$ 644.40	\$ 174.09	\$ 1,172.50	\$ 1,990.99	\$ 22,953.84
Cr Sophie Ramsey	\$ 550.00	\$ -	\$ 2,889.99	\$ 281.59	\$ -	\$ 3,721.58	\$ 34,430.76
Cr Steven Abboushi	\$ -	\$ -	\$ 1,995.13	\$ -	\$ -	\$ 1,995.13	\$ 34,430.76
Cr Yvonne Sebire	\$ -	\$ -	\$ 228.27	\$ -	\$ -	\$ 228.27	\$ 11,476.92
Grand Total	\$ 2,693.36	\$ 18.18	\$ 18,730.43	\$ 1,787.92	\$ 1,991.23	\$ 25,221.12	\$ 385,421.08

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021

6.7 CREDIT CARD EXPENSES

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Credit Card Expenses Report for the year ended 30 June 2021 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 7

Ms Gregory/ Mr. Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

The Committee requested that the next tabled 'Credit Card Expenses' report, the column relating to 'Conferences, Training, Membership & Reference Materials' be drilled down and split further.

REPORT**1. Executive Summary**

This report outlines Credit Card Expenses for Councils Executive for the year ended 30 June 2021. The Report also provides details of transactions above \$1,000.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on Council Corporate Cards by Executive. Spend is slightly below that in prior years. Transactions identified in the attached report are in the normal course of carrying on Council business.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

24 a. Credit Card Expenses

4. Financial Considerations

Note spend on Executive credit cards and material transactions.

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING**17 NOVEMBER 2021**

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Credit Card Expense Report 2020-21

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.7 Credit Card Expenses

Appendix 1 Credit Card Expense Report 2020-21

Credit Card Expenses Report Financial Year 2020-21

Cardholder		Accommodation	Airlines/Travel	Parking	Gifts	Restaurants	Conferences, Training, Memberships & Reference Materials	Fees and Charges	Total
Laura Jo Melvin	\$	-	\$	-	\$	\$	4,986.48	\$	5,314.81
Peter Bevan	\$	-	\$	28.15	\$	-	485.00	\$	513.15
Luke Shannon	\$	-	\$	-	\$	-	2,698.16	\$	2,776.15
Kevin Tori	\$	731.88	\$	-	\$	-	1,442.80	\$	2,277.15
Maurea Heaney	\$	-	\$	-	\$	-	3,078.80	\$	3,078.80
	\$	731.88	\$	28.15	\$	173.49	12,696.24	\$	13,598.16

Transaction greater than \$1,000

Name	Transaction Date	Supplier	Description	Amount Exc GST
Laura Jo Melvin	06/07/2020	SMART PLANNING DELWP	Payment of Planning Scheme Amendment C23 for City	\$ 3,998.70
Peter Bevan				\$ -
Luke Shannon	27/05/2021	VCAI APPLY	VCAI Application for Review lodged by Council today	\$ 1,130.91
Kevin Tori				\$ -
Maurea Heaney	25/03/2021	ZOOM US	ZOOM Licence renewal 2021	\$ 2,799.00
				\$ 7,928.61

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021

6.8 HOSPITALITY & ENTERTAINMENT REPORT**Author: Sam Rumoro - Manager Finance****Presenter: Sam Rumoro - Manager Finance****PURPOSE OF REPORT**

To present the Hospitality & Entertainment Report for the year ended 30 June 2021 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 8

Mr. Mansoor/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

REPORT**1. Executive Summary**

This report outlines Hospitality & Entertainment Report for Council for the year ended 30 June 2021.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on hospitality & entertainment. Transactions identified in the attached report are in the normal course of carrying on Council business.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

33. Review Reports/Registers for Gifts, Benefits, Hospitality & Entertainment for Councillors and Staff including Councillor Reimbursement pursuant to Policy and s40(2) of the Act

4. Financial Considerations

Note spend on hospitality & entertainment by Council.

5. Consultation/Public Submissions

N/A

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

6. Risk Analysis

There are no risks associated with the recommendations in this report.

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Hospitality and Entertainment Report 2020-2021

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

2020-21 HOSPITALITY & ENTERTAINMENT EXPENSES

The detail break down by Directorate is given below:

	CEO				GM-Corporate *				GM-Community Services				GM-Planning & Development			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Catering etc.	550	1,063	432	1,047	17,008	22,136	28,704	23,359	16,354	31,620	37,829	36,860	3,154	12,536	25,297	18,438
Staff Christmas Functions	-	-	-	-	-	52,967	62,820	59,542	-	-	-	-	-	-	-	-
Flowers	175	250	623	4,201	440	680	495	583	1,268	1,011	2,369	1,665	662	499	900	902
Reward and recognition Program	-	-	-	-	32,342	30,183	22,390	24,741	-	-	-	-	-	-	-	-
Total	725	1,313	1,055	5,248	49,790	105,966	114,410	108,227	17,622	32,630	40,198	38,524	3,816	13,036	26,197	19,400

The total hospitality and entertainment expenses of \$71,953 for 2020/21 was spent as follows:

	2021	2020	2019	2018
Staff functions (Christmas and Mid Year Functions)	-	52,967	62,820	59,542
Catering	37,066	67,355	92,262	79,704
Reward and recognition Program	32,342	30,183	22,390	24,741
Flowers	2,545	2,440	4,388	7,411
TOTAL	71,953	152,945	183,879	171,400

* The reward and recognition costs for the period are mainly Star Awards and Length of Service gifts which comes under GM-Corporate.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

STAFF CHRISTMAS FUNCTIONS

Period	Financial Year	Transaction Date	Balance	Amount	Oncost Amount	GST Amount	Commitment Amount	Description	Receipt Description	Account	Person / Company Name
1	2021	Jul 1 2020 12:00AM	0	0.00	0.00	0.00	2,166.64			6563	
2	2021	Aug 20 2020 12:00AM	0	0.00	0.00	0.00	-2,166.64	2018 Melton City Council Christmas Party Infrastru		6563	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

Master Account	2020/21	2019/20 YTD Actuals	2018/19 YTD Actuals	2017/18 YTD Actuals	2016/17 YTD Actuals	Directorate
00001 - Administration Chief Executive Officer	\$ 233.82	\$ 523.94	\$ 400.37	\$ 732.29	\$ 3,529.60	Executive Management
01000 - Administration Corporate Services	\$ 834.27	\$ 854.74	\$ 1,126.17	\$ 106.91	\$ 994.54	Corporate Services Management
01050 - Administration - Exe Man - Property & Projects	\$ 291.00	\$ -	\$ -	\$ -	\$ -	Executive Management
01100 - Engagement and Advocacy - Administration	\$ -	\$ 285.14	\$ 42.36	\$ 213.86	\$ 1,013.66	Corporate Services Management
01176 - Legal - Administration	\$ 25.45	\$ 539.00	\$ 31.27	\$ 314.96	\$ 304.43	Executive Management
01180 - Melton Customer Services	\$ -	\$ 1,087.64	\$ 1,298.25	\$ 1,010.16	\$ 1,062.44	Corporate Services Management
01400 - Administration - Community Safety	\$ -	\$ 165.97	\$ 3,134.13	\$ 136.36	\$ 148.96	Planning & Development Management
01500 - Administration Finance & Rates	\$ 150.00	\$ 3,760.54	\$ 2,223.05	\$ 1,656.73	\$ 857.51	Corporate Services Management
01800 - Administration - Environmental Health Services	\$ -	\$ 580.28	\$ 1,926.66	\$ 470.91	\$ 392.00	Planning & Development Management
01929 - Catering(Corporate)	\$ 500.00	\$ 10,983.66	\$ 10,044.45	\$ 11,546.61	\$ 15,352.20	Corporate Services Management
01934 - Reward & Recognition	\$ 15,217.96	\$ -	\$ 6,000.00	\$ 4,313.64	\$ 3,950.00	Corporate Services Management
01950 - OHS Training Services	\$ -	\$ 248.51	\$ 689.41	\$ -	\$ -	Corporate Services Management
01990 - Risk and Performance - Administration	\$ -	\$ 3,371.35	\$ 792.52	\$ 752.09	\$ 386.46	Executive Management
02000 - IT Governance	\$ 101.36	\$ 340.91	\$ 3,724.77	\$ 21.82	\$ -	Corporate Services Management
02303 - Library Administration	\$ 181.82	\$ 454.55	\$ 2,857.87	\$ 1,754.35	\$ 1,234.54	Community Services Management
02313 - Literacy, Learning and Partnerships	\$ 3,241.70	\$ 3,994.92	\$ 4,527.22	\$ 3,215.55	\$ -	Community Services Management
02400 - Administration - Amenity Protection	\$ -	\$ 1,509.05	\$ 2,202.54	\$ 2,560.23	\$ 1,678.83	Planning & Development Management
02411 - Administration - Animal Management	\$ -	\$ 158.64	\$ -	\$ -	\$ -	Planning & Development Management
02500 - Administration Planning & Development	\$ 112.36	\$ 467.47	\$ 3,743.08	\$ 1,765.89	\$ 569.97	Planning & Development Management
02600 - Administration Operations	\$ 200.83	\$ 1,572.16	\$ 4,215.45	\$ 604.54	\$ 1,856.39	Planning & Development Management
03300 - Administration - Waste and Environment	\$ 107.86	\$ -	\$ -	\$ -	\$ -	Planning & Development Management
03600 - Administration - Economic Development	\$ 204.55	\$ 192.54	\$ 1,094.08	\$ 2,256.51	\$ 1,646.46	Corporate Services Management
03700 - Administration Engineering Services	\$ 138.90	\$ 2,509.53	\$ 4,352.74	\$ 1,393.24	\$ 1,909.56	Planning & Development Management
03900 - Administration Town Planning	\$ 556.91	\$ 480.77	\$ 978.61	\$ 701.01	\$ 1,028.61	Planning & Development Management
03939 - City Design & Strategy Management - Administration	\$ 1,571.75	\$ 1,714.39	\$ 2,004.31	\$ 4,475.24	\$ 3,106.02	Planning & Development Management
03945 - Toolern/Atherstone Project Co-ordination	\$ -	\$ -	\$ 1,311.00	\$ -	\$ -	Executive Management
04000 - Administration Community Services	\$ 16.36	\$ 4,047.59	\$ 886.18	\$ 356.92	\$ 2,004.18	Community Services Management
04100 - Administration Community Care	\$ 22.18	\$ 36.82	\$ -	\$ 621.36	\$ 1,425.56	Community Services Management
04107 - Wellness & Engagement - Administration	\$ -	\$ -	\$ 218.32	\$ 273.97	\$ 909.47	Community Services Management
04195 - Community Participation	\$ -	\$ 963.64	\$ 85.38	\$ 1,519.04	\$ 165.09	Community Services Management
04400 - Assessment	\$ -	\$ -	\$ 186.36	\$ -	\$ 21.59	Community Services Management
04460 - HACC - Volunteer Co-ordinator	\$ 4,175.00	\$ 3,402.72	\$ 6,100.56	\$ 3,578.19	\$ 5,427.28	Community Services Management
04500 - Administration Children's Services	\$ -	\$ 935.28	\$ 1,961.13	\$ 1,330.16	\$ 269.35	Community Services Management
04525 - Early childhood Programs Coordinator	\$ 210.91	\$ 253.08	\$ 381.94	\$ 2,098.82	\$ 114.82	Community Services Management
04560 - Early Years Partnership	\$ -	\$ 1,379.55	\$ 1,580.07	\$ 1,821.80	\$ 1,616.00	Community Services Management
04615 - Maternal & Child Health Services Coordinator	\$ 1,636.36	\$ 3,197.52	\$ 1,784.07	\$ 1,993.73	\$ 1,287.27	Community Services Management
04720 - Kindergarten Central Enrolment Officer	\$ 27.10	\$ 44.21	\$ 46.30	\$ 31.03	\$ 206.40	Community Services Management
04900 - Administration Communications & Public Relations	\$ -	\$ -	\$ 63.91	\$ 30.63	\$ 280.73	Corporate Services Management
04950 - Advocacy Campaigns	\$ -	\$ 200.91	\$ -	\$ 437.53	\$ -	Corporate Services Management
05000 - Administration Capital works	\$ -	\$ 3,378.04	\$ 2,148.48	\$ 5,553.13	\$ 3,021.54	Corporate Services Management
05401 - Kurung Community Hub	\$ 134.79	\$ -	\$ -	\$ -	\$ -	Community Services Management
07200 - Administration Community Planning	\$ 796.03	\$ 2,605.14	\$ 2,914.72	\$ 2,797.18	\$ 2,553.18	Community Services Management
07210 - Family Support Services	\$ -	\$ 1,275.90	\$ 1,405.37	\$ 1,717.50	\$ 1,757.00	Community Services Management
07219 - Community Activation & Learning Administration	\$ 583.67	\$ 381.32	\$ 326.36	\$ -	\$ -	Community Services Management
07225 - Community Safety	\$ -	\$ 196.35	\$ 145.10	\$ 162.60	\$ 282.90	Community Services Management
07226 - Road Safety Administration	\$ 1,170.00	\$ 1,013.27	\$ 1,061.71	\$ 827.30	\$ 1,275.12	Community Services Management
07230 - Social Planning Administration	\$ -	\$ 296.36	\$ 581.84	\$ 459.09	\$ 903.68	Community Services Management
07232 - Emergency Management Administration	\$ 465.45	\$ 454.55	\$ -	\$ -	\$ -	Planning & Development Management
07235 - Community Learning	\$ -	\$ -	\$ 311.99	\$ 2,862.27	\$ 290.00	Community Services Management
07236 - Health Planning	\$ -	\$ 347.16	\$ 156.74	\$ 680.01	\$ 358.17	Community Services Management
07239 - Community Development and Training	\$ -	\$ 1,500.00	\$ 1,999.18	\$ 1,000.00	\$ 1,358.89	Community Services Management
07240 - Community Engagement and Research	\$ -	\$ 471.81	\$ 1,042.82	\$ 750.69	\$ 1,120.57	Community Services Management
07241 - Community Leadership and Partnerships	\$ 1,314.81	\$ 1,494.06	\$ 743.42	\$ 200.00	\$ 409.09	Community Services Management
07243 - Community Capacity Administration	\$ 1,297.27	\$ 84.11	\$ -	\$ 795.81	\$ -	Community Services Management
07250 - Youth Services General	\$ 312.46	\$ 881.23	\$ 2,993.36	\$ 2,527.35	\$ 3,338.06	Community Services Management
07700 - Leisure & Facilities	\$ -	\$ -	\$ 530.64	\$ 419.62	\$ 532.20	Community Services Management
07851 - Place Making	\$ -	\$ -	\$ 63.64	\$ -	\$ -	Corporate Services Management
07900 - Administration	\$ -	\$ -	\$ 75.55	\$ 431.82	\$ 126.41	Corporate Services Management
08040 - Indigenous Program	\$ 1,233.09	\$ 1,794.05	\$ 1,469.30	\$ 1,725.73	\$ 2,507.91	Community Services Management
08140 - Community Group Development	\$ -	\$ 454.55	\$ 1,174.55	\$ 1,145.45	\$ 1,090.91	Community Services Management
08250 - Events Administration	\$ -	\$ 355.72	\$ 154.90	\$ 581.09	\$ 464.32	Corporate Services Management
08360 - Recreation Administration	\$ -	\$ 114.46	\$ 336.82	\$ 194.13	\$ -	Community Services Management
08806 - Environmental Education	\$ -	\$ -	\$ 590.91	\$ 777.59	\$ 2,197.12	Planning & Development Management
	\$ 37,066.02	\$ 67,355.10	\$ 92,261.93	\$ 79,704.44	\$ 78,334.99	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

Period	Year	Date	Amount	GST	Description	
12	2021	30/06/2021	\$ 86.36	\$ -	Sympathy flowers for Cole Sloan	Executive Management
12	2021	30/06/2021	\$ 81.68	\$ -	Delivery of flowers for staff mExecutive Managementber	Planning & Development Management
12	2021	30/06/2021	\$ 104.45	\$ -	Condolence Flowers for Staff	Community Services Management
12	2021	15/06/2021	\$ 88.64	\$ 8.86	BereavExecutive Managementent Flowers	Executive Management
12	2021	15/06/2021	\$ (14.50)	\$ (1.45)	Discount - Jen Flowers - late delivery	Corporate Services Management
12	2021	15/06/2021	\$ 106.27	\$ 10.63	Jen Noye - Flowers surgery	Corporate Services Management
12	2021	15/06/2021	\$ 84.45	\$ 8.45	Flowers for school crossing supervisor -	Planning & Development Management
12	2021	15/06/2021	\$ 75.45	\$ 7.55	Flowers -	Planning & Development Management
12	2021	15/06/2021	\$ 40.91	\$ 4.09	Farewell Flowers for Staff MExecutive Managementber G.L	Community Services Management
11	2021	13/05/2021	\$ 72.73	\$ 7.27	Flowers for Jen Noye - unwell	Corporate Services Management
11	2021	13/05/2021	\$ 72.73	\$ 7.27	Flowers for Amt when her father passed a	Corporate Services Management
11	2021	13/05/2021	\$ 83.55	\$ 8.35	Flower	Planning & Development Management
11	2021	13/05/2021	\$ 60.00	\$ 6.00	Flowers for bereavExecutive Managementent - Bala Guntur	Planning & Development Management
11	2021	13/05/2021	\$ 59.09	\$ 5.91	Flowers	Planning & Development Management
11	2021	13/05/2021	\$ 65.00	\$ -	Flowers	Planning & Development Management
9	2021	12/03/2021	\$ 22.73	\$ 2.27	Flowers for staff leaving	Corporate Services Management
8	2021	25/02/2021	\$ 63.64	\$ 6.36	Flowers purchased for Catherine Nichols	Corporate Services Management
8	2021	25/02/2021	\$ 62.27	\$ 6.23	Flowers for staff mExecutive Managementber on Community Services	Community Services Management
8	2021	25/02/2021	\$ 98.98	\$ -	Sympathy Flowers	Community Services Management
8	2021	25/02/2021	\$ 92.73	\$ 9.27	Flowers for staff mExecutive Managementber - Joel White	Community Services Management
8	2021	8/02/2021	\$ 57.64	\$ 5.76	Flowers for Kirstin (following passing o	Corporate Services Management
8	2021	8/02/2021	\$ 63.64	\$ 6.36	Flowers	Planning & Development Management
8	2021	8/02/2021	\$ 77.27	\$ 7.73	Flowers for staff mExecutive Managementber JV family mExecutive Ma	Community Services Management
4	2021	13/10/2020	\$ 59.09	\$ 5.91	Flowers for Staff MExecutive Managementber	Corporate Services Management
4	2021	13/10/2020	\$ 89.00	\$ 8.90	Flowers for bereavExecutive Managementent - Faiza Javaid	Planning & Development Management
4	2021	13/10/2020	\$ 63.64	\$ 6.36	Flowers for staff bereavExecutive Managementent	Community Services Management
4	2021	13/10/2020	\$ 99.91	\$ 9.99	Flowers for Team MExecutive Managementber on death	Community Services Management
4	2021	13/10/2020	\$ 95.36	\$ 9.54	Sympathy flowers for staff mExecutive Managementber	Community Services Management
12	2021	15/06/2021	\$ 11.03	\$ -	CT- Mothers Day Flowers & Groceries	Community Services Management
12	2021	15/06/2021	\$ 122.70	\$ 12.27	CT- Mothers Day Flowers & Groceries	Community Services Management
11	2021	13/05/2021	\$ 40.00	\$ 4.00	Flowers for SS program & Mens Shed	Community Services Management
11	2021	13/05/2021	\$ 26.50	\$ 2.65	Flowers Groceries for SS Morton	Community Services Management
11	2021	13/05/2021	\$ 52.25	\$ 5.22	MS Clay and flowers purchased for pag ac	Community Services Management
11	2021	13/05/2021	\$ 27.64	\$ 2.76	CT- Flowers for Eastern Social Support Ro	Community Services Management
11	2021	13/05/2021	\$ 30.45	\$ 3.04	Flowers and chocolates for Glynn's leavin	Community Services Management
10	2021	8/04/2021	\$ 50.91	\$ 5.09	Fresh flowers for SS room	Community Services Management
10	2021	8/04/2021	\$ 40.00	\$ 4.00	Artificial Flowers for SS room	Community Services Management
9	2021	19/03/2021	\$ 22.73	\$ 2.27	Flowers for Stella	Community Services Management
8	2021	8/02/2021	\$ 18.18	\$ 1.82	RB flowers for a clients	Community Services Management
4	2021	13/10/2020	\$ 81.82	\$ 8.18	LS - Condolence flowers for staff mExecutive Managementber	Community Services Management
4	2021	13/10/2020	\$ 7.94	\$ -	1 x packet of flower bulbs for future ac	Community Services Management
			\$ 2,544.86			

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

REWARD & RECOGNITION

Period	Year	Date	Amount	GST	Commitment	Description	Category	Document Link
12	2021	30/06/2021	\$ 145.91	\$ -	\$ -	L&G reward and recognition team lunch		
12	2021	30/06/2021	\$ 158.80	\$ -	\$ -	Reward land puzzle challenge		
12	2021	30/06/2021	\$ 16.90	\$ -	\$ -	Reward lunch puzzle challenge		
12	2021	30/06/2021	\$ -	\$ -	\$ (224.00)			
12	2021	15/06/2021	\$ 218.73	\$ 21.87	\$ -	Recognition lunch		
11	2021	13/05/2021	\$ 90.91	\$ 9.09	\$ -	Reward and Recognition Incentive		
11	2021	13/05/2021	\$ 90.91	\$ 9.09	\$ -	Reward and Recognition Incentive		
11	2021	13/05/2021	\$ 90.91	\$ 9.09	\$ -	Reward and Recognition Incentive		
11	2021	13/05/2021	\$ 18.18	\$ 1.82	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 18.18	\$ 1.82	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 18.18	\$ 1.82	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 18.18	\$ 1.82	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 18.18	\$ 1.82	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 45.45	\$ 4.55	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 45.45	\$ 4.55	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 45.45	\$ 4.55	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 76.36	\$ 7.64	\$ -	Reward and Recognition Incentive	Expense	
11	2021	13/05/2021	\$ 90.91	\$ 9.09	\$ -	Reward and Recognition Incentive	Expense	
10	2021	1/04/2021	\$ 363.64	\$ 36.36	\$ -	Payment of Reward vouchers for 8 x \$50 Indian res	Expense	
9	2021	19/03/2021	\$ 553.64	\$ 55.36	\$ -	Young Communities Reward and Recognition	Expense	
9	2021	19/03/2021	\$ 174.55	\$ 17.45	\$ -	Reward lunch vibrant Melton puzzle chall	Expense	
9	2021	12/03/2021	\$ 91.68	\$ 9.17	\$ -	Reward and recognition award	Expense	
8	2021	25/02/2021	\$ 46.82	\$ 4.68	\$ -	Woodgrove voucher-reward & recognition	Expense	
1	2021	1/07/2020	\$ -	\$ -	\$ 224.00		Expense	
8	2021	8/02/2021	\$ 181.82	\$ 18.18	\$ -	Bunnings vouchers for farewell gift for	Expense	
8	2021	8/02/2021	\$ 90.91	\$ 9.09	\$ -	R&R incentive	Expense	
8	2021	8/02/2021	\$ 50.00	\$ 5.00	\$ -	Reward and Recognition incentive for Lea	Expense	
8	2021	8/02/2021	\$ 92.27	\$ 9.23	\$ -	Reward and Recognition incentive request	Expense	
8	2021	8/02/2021	\$ 72.73	\$ 7.27	\$ -	Recognition incentive for Alana	Expense	
8	2021	8/02/2021	\$ 90.91	\$ 9.09	\$ -	Reward and Recognition incentive request	Expense	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	Prize for On the Couch with Kel and Co	Expense
8	2021	8/02/2021	\$	187.27	\$	18.73	\$	-	Reward and Recognition Incentives	Expense
8	2021	8/02/2021	\$	645.91	\$	64.59	\$	-	Reward and Recognition Incentives	Expense
8	2021	8/02/2021	\$	46.82	\$	4.68	\$	-	Reward and Recognition Incentives	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Linda	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Joanne	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Bruce	Expense
8	2021	8/02/2021	\$	613.64	\$	61.36	\$	-	R&R vouchers	Expense
8	2021	8/02/2021	\$	22.73	\$	2.27	\$	-	R&R Voucher	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R Voucher fr Tegan	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Elissa	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R voucher for Esther	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R voucher for Kylie	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R voucher for Donna	Expense
8	2021	8/02/2021	\$	68.18	\$	6.82	\$	-	R&R voucher for Taylar	Expense
8	2021	8/02/2021	\$	68.18	\$	6.82	\$	-	R&R voucher for lorraine	Expense
8	2021	8/02/2021	\$	40.91	\$	4.09	\$	-	R&R gift for Janine	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Mel	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for bec	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R voucher for Kathy	Expense
8	2021	8/02/2021	\$	136.36	\$	13.64	\$	-	R&R voucher for Cheryl	Expense
8	2021	8/02/2021	\$	81.82	\$	8.18	\$	-	R&R gift for Janine	Expense
8	2021	8/02/2021	\$	81.82	\$	8.18	\$	-	Reward and Recognition Incentive for Rox	Expense
8	2021	8/02/2021	\$	81.82	\$	8.18	\$	-	Reward and Recognition Incentive for Bet	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	Reward and Recognition Incentive for Eli	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	Reward and Recognition Incentive for Ann	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	Reward and Recognition Incentive for Pau	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	Reward and Recognition Incentive for Dar	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R incentive for Bojana	Expense
8	2021	8/02/2021	\$	68.18	\$	6.82	\$	-	R&R incentive for Sam Iyer	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R incentive for Kristel	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	On the Couch with Kel and Co door prize	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	On the Couch with Kel and Co door prize	Expense

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.8 Hospitality & Entertainment Report

Appendix 1 Hospitality and Entertainment Report 2020-2021

8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R incentive for Anne Trotta	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R incentive for Heidi Taylor	Expense
8	2021	8/02/2021	\$	45.45	\$	4.55	\$	-	R&R incentive for Stacey Berry	Expense
8	2021	8/02/2021	\$	90.91	\$	9.09	\$	-	R&R incentive for Michelle Lapsley	Expense
8	2021	8/02/2021	\$	170.80	\$	17.08	\$	-	Council Contribution in lieu of Catering	Expense
6	2021	23/12/2020	\$	16,136.36	\$	1,613.64	\$	-	Production videos and filming for 2020 STAR Award	Expense
6	2021	23/12/2020	\$	(16,136.37)	\$	-	\$	-		Expense
6	2021	23/12/2020	\$	16,136.37	\$	-	\$	(16,136.37)		Expense
6	2021	11/12/2020	\$	173.91	\$	17.39	\$	-	Approved Reward & Recognition for Client Connecti	Expense
6	2021	11/12/2020	\$	(173.91)	\$	-	\$	-		Expense
6	2021	11/12/2020	\$	173.91	\$	-	\$	(173.91)		Expense
6	2021	10/12/2020	\$	-	\$	-	\$	173.91	Approved Reward & Recognition for Client Connectio	Expense
5	2021	16/11/2020	\$	-	\$	-	\$	16,136.37	Production videos and filming for 2020 STAR Awards	Expense
5	2021	4/11/2020	\$	1,260.00	\$	126.00	\$	-	Reward & Recognition - 18 x Grazing Boxes request	Expense
5	2021	4/11/2020	\$	(1,386.00)	\$	-	\$	-		Expense
5	2021	4/11/2020	\$	1,386.00	\$	-	\$	(1,386.00)		Expense
5	2021	4/11/2020	\$	6,650.00	\$	-	\$	-	Reward and Recognition - Gift Voucher Order for A	Expense
5	2021	4/11/2020	\$	(6,711.36)	\$	-	\$	-		Expense
5	2021	4/11/2020	\$	61.36	\$	6.14	\$	-	GST for Star Awards Gift Cards - Reward & Recogni	Expense
5	2021	4/11/2020	\$	(5.58)	\$	-	\$	-		Expense
5	2021	4/11/2020	\$	5.58	\$	-	\$	(5.58)		Expense
5	2021	4/11/2020	\$	6,711.36	\$	-	\$	(6,711.36)		Expense
5	2021	10/11/2020	\$	892.81	\$	-	\$	-		Expense
5	2021	10/11/2020	\$	63.40	\$	6.34	\$	-		Expense
5	2021	9/11/2020	\$	-	\$	-	\$	5.58		Expense
5	2021	4/11/2020	\$	-	\$	-	\$	1,386.00	Reward & Recognition - 18 x Grazing Boxes requeste	Expense
4	2021	27/10/2020	\$	-	\$	-	\$	6,711.36	Reward and Recognition - Gift Voucher Order for An	Expense
				\$ 32,341.54						

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.9 POLICY REVIEW PROJECT - PROGRESS UPDATE

Author: Laura-Jo Mellan - Acting General Manager Corporate Services
Presenter: Sean McManus - Acting General Manager Corporate Services

PURPOSE OF REPORT

To present a progress update on the Policy Review Project.

RECOMMENDATION:

That Council note that the Audit & Risk Committee reviewed the report and Implementation Plan contained at **Appendix 1** and no further action is required.

Recommendation 9

Ms Gregory/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the Report and note the action listed below.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr McManus provided a progress update on the Policy Review Project emanating from the Internal Audit report on Integrity Framework. The Policy Review Project implementation plan was endorsed by the Policy Review Panel and Council at the 13 October and 25 October 2021 meetings respectively. The following policies which were overdue for review were rescinded by Council at the 25 October 2021 meeting:

- Arts & Cultural Collection and Civic Memorabilia Policy – Council do not procure or collect art and civic memorabilia except Public Art. There are no other assets listed on Council's asset register other than Public Art which is covered by the Public Art Policy.
- Children Unattended Policy – this policy is not used as it is outdated. An internal process provides the required guidance to staff to deal with this issue.
- Community Facility Provision Policy – this policy has been superseded by the Community Infrastructure Planning Policy.
- Highway Advertising Signage Policy for Residential Subdivisions – the policy is now redundant as it is addressed by the Melton Planning Scheme.

Action:

That a full list of Council's Policies, including current status, be tabled at the next Audit and Risk Committee meeting.

REPORT**1. Executive Summary**

In response to the Internal Audit Report on the Integrity Framework, which was presented to the 4 August 2021 meeting, the Audit & Risk committee endorsed the following action:

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'A quarterly status report on the policy and procedure workplan, addressing the actions identified, including the resourcing allocation and priority, should be tabled at the Audit and Risk Committee meetings'.

Officers have reviewed the Council Policy Review Project implementation plan in accordance with the above recommendation which was endorsed by the Policy Review Panel and Council at the 13 October 2021 and 25 October 2021 meetings respectively.

A copy of the Policy Review Project Implementation Plan with progress commentary is contained at **Appendix 1**. It should be noted that Attachment 1 details all the policies where a review is overdue and that require Council approval.

The Executive were also presented with a listing of Operational policies, procedures, guidelines and codes showing their status and agreed to use the same timeframe for review of these documents as proposed in this report for Council policies. An update on the progress of the implementation of this project will be presented to the February 2022 Audit & Risk Committee.

2. Background/Issues

In response to the Internal Audit Report on the Integrity Framework, which was presented to the 4 August 2021 meeting, the Audit & Risk committee endorsed the following action:

'A quarterly status report on the policy and procedure workplan, addressing the actions identified, including the resourcing allocation and priority, should be tabled at the Audit and Risk Committee meetings'.

In addition, Council adopted the following recommendation from the Policy Review Panel at the Ordinary Council meeting of 30 August 2021:

1. *That Council note the Council policy review dates as listed in Appendix 1 with an update to the Council policy review dates to be presented to the next meeting of the Panel.*
2. *That the Policy Review Panel work with Council officers to set a priority list of Council policies for review.*
3. *That the Policy Review Panel meet for two hours each month in order to review the overdue Council policies.*

Officers have reviewed the Council Policy Review Project implementation plan in accordance with the above recommendation which was endorsed by the Policy Review Panel and Council at the 13 October 2021 and 25 October 2021 meetings respectively.

A copy of the Policy Review Project Implementation Plan with progress commentary is contained at **Appendix 1**. It should be noted that Attachment 1 details all the policies where a review is overdue and that require Council approval. Generally, the review of the policies and any associated procedures is undertaken by the relevant department of Council. However, several policies including the Procurement Policy, Privacy Policy and Complaints Policy have been reviewed by external law firms.

There are several policies which on review only require a change to date, the department name and updates to legislation referenced in the policy. The content is still relevant and does not require any changes. In accordance with the Policy Approval Process Policy, these policies do not require to go through the approval process as the amendments are minor. These policies have been updated and will be uploaded to Council's website.

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The following policies which were overdue for review are no longer relevant for the reasons outlined and were rescinded by Council at the 25 October 2021 meeting:

- Arts & Cultural Collection and Civic Memorabilia Policy – Council do not procure or collect art and civic memorabilia except Public Art. There are no other assets listed on Council's asset register other than Public Art which is covered by the Public Art Policy.
- Children Unattended Policy – this policy is not used as it is outdated. An internal process provides the required guidance to staff to deal with this issue.
- Community Facility Provision Policy – this policy has been superseded by the Community Infrastructure Planning Policy.
- Highway Advertising Signage Policy for Residential Subdivisions – the policy is now redundant as it is addressed by the Melton Planning Scheme.

As advised at the Policy Review Panel of 13 October 2021, the Executive were also presented with a listing of Operational policies, procedures, guidelines and codes showing their current status and agreed to use the same timeframe for review of these documents as proposed in this report for Council policies. An update on the progress of the implementation of this project will be presented to the February 2022 Audit & Risk Committee.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

23. Review progress by management on open audit recommendations

4. Financial Considerations

Nil the review of policies and procedures is accommodated within the recurrent budget of the relevant department.

5. Consultation/Public Submissions

All Managers were asked to review the list of Council policies and provide a timeframe for review of overdue policies based on the close of each quarter. The proposal is that all Council policies will be reviewed by 30 June 2022. Following the detailed review of each policy, managers were further engaged to determine

6. Risk Analysis

NIL

7. Options

The Audit & Risk Committee has the option to:

1. Note the Policy Review Project Progress Update report;
2. Request further information in respect of the matter.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

LIST OF APPENDICES

1. Policy Review Project Progress Report

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

Policy Review Panel - October 2021

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Debt Collection Policy	Policy	Finance	Corporate Services	Council	9/12/2019	31/12/2020	Yes	Overdue	25/03/2021	13/10/21	25/10/2021	Complete
Financial Assistance (Rates & Charges) Policy	Policy	Finance	Corporate Services	Council	9/12/2019	31/12/2020	Yes	Overdue	25/03/2021	13/10/2021	25/10/2021	Complete
Procurement Policy	Policy	Legal & Governance	CEO Office	Council	14/10/2019	30/09/2021	Yes	Overdue	06/10/2021	13/10/2021	25/10/2021	Complete

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

Policy Review Panel - 3 November 2021

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
CEO Recruitment Policy	Policy	People and Culture	Corporate Services	Council			Yes	New Policy	Not Applicable	3/11/2021	22/11/2021	Requirement of LG Act 2020. Must be approved by Council by 31 December 2021. Approved by Policy Review Panel 3 November 2021
Community Infrastructure Planning Policy	Policy	Community Planning	Community Services	Council	22/08/2016	30/07/2019	Yes	Overdue	06/10/2021	13/10/2021	22/11/2021	Approved by Executive 21 October and approved by Policy Review Panel - 3 November 2021
Events Policy	Policy	Engagement & Advocacy	Corporate Services	Council	5/02/2018	1/07/2020	Yes	Overdue	14/10/2021	3/11/2021	22/11/2021	Policy Approved by Executive xx and Approved by Policy Review Panel 3 November.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

Policy Review Panel - 30 November 2021

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Complaints Management Policy	Policy	Engagement & Advocacy	Corporate Services	Council	26/05/2015	1/05/2017	Yes	Overdue	18/11/21	30/11/2021	13/12/2021	Requirement of LG Act 2020. Must be approved by 31 December 2021. Currently being reviewed and updated by Russell Kennedy lawyers. This will be presented to the 30 November 2021 Policy Review Panel
Councillors as Candidates in a State or Federal Election Policy	Policy	Legal & Governance	CEO Office	Council	30/04/2018	30/06/2020	Yes	Overdue	18/11/2021	30/11/2021	13/12/2021	Identified as a Priority by PRP.
Fees & Charges Policy	Policy	Finance	Corporate Services	Council	23/06/2015	30/06/2018	Yes	Overdue	11/11/2021	30/11/2021	13/12/2021	Draft prepared, GIA currently being undertaken. Will also be reported to the A&R Committee 17/11/2021
Financial Reserves Policy	Policy	Finance	Corporate Services	Council	13/11/2017	30/06/2020	Yes	Overdue	11/11/2021	30/11/2021	13/12/2021	Draft prepared, GIA currently being undertaken. Will also be reported to the A&R Committee 17/11/2021
Media Policy	Policy	Engagement & Advocacy	Corporate Services	Council	23/06/2015	30/06/2017	Yes	Overdue	11/11/2021	30/11/2021	13/12/2021	Policy drafted. Identified as a priority by PRP.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - FEBRUARY 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Branding Policy	Policy	Engagement & Advocacy	Corporate Services	Council	n/a	n/a		New Policy	Jan-22	Feb-22	TBD	Response to NOM 775 (Cr Majdlik). Under development
Fraud & Corruption Control Policy	Policy	Legal & Governance	CEO Office	Council	6/02/2017	1/12/2019	Yes	Overdue	Jan-22	Feb-22	TBD	Priority policy identified by the Internal Audit of the Integrity Framework. Draft underway and will be complete by December 2021. Will go to February A&R Committee.
Online Engagement Policy	Policy	Engagement & Advocacy	Corporate Services	Council	26/05/2015	1/03/2017	Yes	Overdue	Jan-22	Feb-22	TBD	Policy in development.
Photography and Images Policy	Policy	Engagement & Advocacy	Corporate Services	Council	26/05/2015	1/03/2017	Yes	Overdue	Jan-22	Feb-22	TBD	Policy in development.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - MARCH 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Development and Infrastructure Contributions Policy	Policy	Planning Services	Planning & Development	Council	17/12/2013	17/12/2017	Yes	Overdue	Feb-22	Mar-22	TBD	Draft Policy prepared, with external Lawyers for review.
Men's Shed Policy	Policy	Community Care	Community Services	Council	25/06/2018	1/06/2021	Yes	Overdue	Feb-22	Mar-22	TBD	Policy drafted.
Public Art Policy	Policy	Library & Arts	Corporate Services	Council	25/06/2018	1/06/2021	Yes	Overdue	Feb-22	Mar-22	TBD	PRP Priority. Needs to go the Arts Advisory Committee.
Tree Planting and Removal Policy	Policy	Operations	Planning & Development	Council	18/11/2014	21/08/2018	Yes	Overdue	Feb-22	Mar-22	TBD	Draft has been prepared. With Legal and Governance for review.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - APRIL 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Advocacy Policy	Policy	Engagement & Advocacy	Corporate Services	Council	30/05/2016	30/05/2020	Yes	Overdue	Mar-22	Apr-22	TBD	In development
Community Gardens Policy	Policy	Community Planning	Community Services	Council	22/08/2016	1/12/2018	Yes	Overdue	Mar-22	Apr-22	TBD	In development
Community Group Capital Works Contribution Policy	Policy	Recreation & Youth	Community Services	Council	06/09/2012	6/09/2015	Yes	Overdue	Mar-22	Apr-22	TBD	In development
Personal Training – Use of Public Open Spaces Policy	Policy	Recreation & Youth	Community Services	Council	28/06/2010	30/06/2014	Yes	Overdue	Mar-22	Apr-22	TBD	Under review - may not be required.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - MAY 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Build Over Easements Policy	Policy	Engineering Services	Planning & Development	Council	22/08/2016	30/06/2020	Yes	Overdue	Apr-22	May-22	TBD	Under review - may just require date change
Council Contribution to Fencing Costs Policy	Policy	Operations	Planning & Development	Council	29/03/2010	30/11/2013	Yes	Overdue	Apr-22	May-22	TBD	
Crossover Policy	Policy	Engineering Services	Planning & Development	Council	6/02/2017	1/12/2019	Yes	Overdue	Apr-22	May-22	TBD	Under review - may just require date change
Graffiti Management Policy	Policy	Environment & Waste	Planning & Development	Council	24/07/2017	1/04/2019	Yes	Overdue	Apr-22	May-22	TBD	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - JUNE 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Community Facilities Access Policy	Policy	Community Planning	Community Services	Council	12/09/2016	18/08/2019	Yes	Overdue	May-22	Jun-22	TBD	
Confidentiality Policy	Policy	Legal & Governance	CEO Office	Council	6/02/2017	8/09/2018	Yes	Overdue	May-22	Jun-22	TBD	
Healthy Food and Drink Policy	Policy	Community Planning	Community Services	Council	29/04/2019	1/07/2021	Yes	Overdue	May-22	Jun-22	TBD	
Volunteer Policy	Policy	Community Care	Community Services	Council	25/06/2018	1/06/2021	Yes	Overdue	May-22	Jun-22	TBD	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.9 Policy Review Project - Progress Update

Appendix 1 Policy Review Project Progress Report

POLICY REVIEW PANEL - JULY 2022

Policy or Procedure Name	Document Type	Business Unit	Directorate	Approval Source	Adoption / Authorisation Date	Expiry Date	On website	Status	Date for Executive Approval	Policy Review Panel	Council Meeting	Progress Comment
Environmental Enhancement Policy	Policy	Environment & Waste	Planning & Development	Council	26/08/2014	26/08/2018	Yes	Overdue	Jun-22	Jul-22	TBD	
Public Access Internet Computer Standardisation Policy	Policy	Engagement & Advocacy	Corporate Services	Council	21/10/2014	21/10/2018	Yes	Overdue	Jun-22	Jul-22	TBD	
Public Internet Policy	Policy	Information Technology	Corporate Services	Council	18/09/2017	21/10/2018	Yes	Overdue	Jun-22	Jul-22	TBD	

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6.10 INTERNAL AUDIT STATUS REPORT AS AT NOVEMBER 2021**Author: Cheryl Santoro - Senior Administration Officer****Presenter: Kylie Maher – Internal Auditor****PURPOSE OF REPORT**

To present the Internal Audit Status Report as at November 2021 (the Report)

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 10

Ms Gregory/Mr Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

REPORT**1. Executive Summary**

Attached at **Appendix 1** is the *Internal Audit Status report as at November 2021*.

The *Internal Audit Plan 2021 to 2023* is approved by the Audit and Risk Committee and reviewed on an annual basis in February. In addition, a progress report is presented to each meeting.

2. Background/Issues

The *Annual Plan 2021* requires that the *Internal Audit Plan 2021 to 2023* is approved by the Audit and Risk Committee and reviewed on an annual basis in February and a progress report provided to each meeting.

Attached at **Appendix 1** is the Internal Audit Status report as at November 2021.

The internal auditors will be in attendance at the meeting to answer any questions in relation to this Report.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Work Plan references:

19. Review status of delivery of annual Internal Audit Plan

4. Financial Considerations

A provision has been provided in this year's budget for Council's Internal Audit contract fees.

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING**17 NOVEMBER 2021**

5. Consultation/Public Submissions

N/A

6. Risk Analysis

The *Internal Audit Plan 2021 to 2023* identifies the top seven strategic and corporate risks on page 2 of the Report.

7. Options

The Committee has the option to accept or seek further information from the internal auditors in relation to this Report.

LIST OF APPENDICES

1. Internal Audit Status Report as at November 2021

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Item 6.10 Internal Audit Status Report as at November 2021

Appendix 1 Internal Audit Status Report as at November 2021

Internal audit status report – November 2021

This report provides Melton City Council's (MCC) Audit and Risk Committee (ARC) with a status of the internal audit activities for the period to November 2021.

Internal Audit Activities

- We have completed the COVID – lessons learned and control validations internal audit and it is tabled at this meeting. This completes the 2021 internal audit plan in full.
- An additional project was requested by management for review of the Child Safety Framework. We table the scope for this project as part of our papers. The report will be tabled at the next meeting.
- Internal audit and management have reviewed and confirmed the 2022 internal audit plan projects as the priority projects to deliver, aligned to key risks and do not recommend any changes at this time. A further review of the plan will occur in May 2022 to confirm currency and to refresh the 3 year strategic internal audit plan and provide for ARC review.
- Internal Audit scope for Expenses Review. Scope has been reviewed and agreed by Project Responsible Officer Laura-Jo Mellan and is tabled at this meeting.

Internal audit projects	2021			2022											
	Quarter 4			Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2021 Internal Audit Plan															
COVID - lessons learned and controls validation		Final													
2021 Additional Projects															
Child Safe Policy, Procedure and Code of Conduct															
2022 Internal Audit Plan															
Expenses															
Procurement															
ICT Security and System Controls															
DCP and ICP Programs															



Legend

Review completed

Future Reviews planned

Review in progress

Final report presented to ARC

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.11 DRAFT SCOPE FOR THE INTERNAL AUDIT REVIEW OF COUNCIL EXPENSES**Author: Cheryl Santoro - Senior Administration Officer****Presenter: Kylie Maher – Internal Auditor****PURPOSE OF REPORT**

To present the draft *Scope for the Internal Audit review of Council Expenses*.

RECOMMENDATION:

That Council:

1. note that the Audit & Risk Committee reviewed the *Scope for the Internal Audit review of Council Expenses*: and
2. approve the *Scope for the Internal Audit review of Council Expenses*.

Recommendation 11

Ms Gregory/Cr. Kesic

That the Council:

1. note that the Audit and Risk Committee reviewed the *Scope for the Internal Audit review of Council Expenses*: and
2. approve the *Scope for the Internal Audit review of Council Expenses*.

CARRIED

REPORT**1. Executive Summary**

Internal audit scopes are presented to the Audit & Risk Committee in February, May, August, and November pursuant to the *Annual Work Plan 2021*.

The timing of each audit and corresponding report is determined by the approved *Internal Audit Plan 2021 to 2023*.

The *Scope for the Internal Audit review on Council Expenses* is presented to the Audit & Risk Committee as **Appendix 1**.

2. Background/Issues

Internal audit scopes are presented to the Audit & Risk Committee in February, May, August and November pursuant to the *Annual Work Plan for 2021*.

The timing of each audit and corresponding report is determined by the approved *Internal Audit Plan 2021 to 2023*.

The objective of the internal audit review is, 'is to review the design and compliance with the key controls in place for expense transactions of three types - Councillor expenses (including members of delegation committees), staff expenses and purchasing cards. This includes expense reimbursements and allowances'.

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The *Scope for the Internal Audit review of Council Expenses* is presented to the Audit & Risk Committee at **Appendix 1**.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Work Plan references:

20. Review scopes of proposed internal audit reviews

4. Financial Considerations

Provision has been provided in this year's budget for Council's Internal Audit contract fees.

5. Consultation/Public Submissions

Consultation will occur with relevant staff members throughout the review process of this internal audit review.

6. Risk Analysis

As noted on page 1 of the Scope:

"The Local Government Act 2020 (section 41) requires Council to adopt a Council expenses policy, which outlines the policy and procedures for reimbursement of out-of-pocket expenses of Councillors and members of delegated committees".

"The adequacy of the policy, procedure and processes over expenses is critical for financial management and fraud prevention, integrity and transparency of those systems in place and to maintain public".

7. Options

The Committee has the option to recommend to Council that it accept the draft Scope (with or without the Committee's suggested amendments) or reject the draft Scope entirely.

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1. Draft Scope for the Internal Audit Review of Council Expenses

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Item 6.11 Draft Scope for the Internal Audit Review of Council Expenses

Appendix 1 Draft Scope for the Internal Audit Review of Council Expenses



Melton City Council

Scope for the Internal Audit of Council Expenses

8 November 2021

Audit Background

The *Local Government Act 2020* (section 41) requires Council to adopt a Council expenses policy, which outlines the policy and procedures for reimbursement of out-of-pocket expenses of Councillors and members of delegated committees.

The adequacy of the policy, procedure and processes over expenses is critical for financial management and fraud prevention, integrity and transparency of those systems in place and to maintain public confidence.

Objective

The objective of this internal audit is to review the design and compliance with the key controls in place for expense transactions of three types - Councillor expenses (including members of delegation committees), staff expenses and purchasing cards. This includes expense reimbursements and allowances.

Approach

The objectives of the review will be achieved with consideration of the key controls in place for the 3 key expense transaction types:

1. Policy framework

- We will review the adequacy of the expense policy and procedures in place including the delegations of authority.

2. Control design

- We will process map and understand the key controls in place that provide for valid, timely and complete expense transactions.

- This includes setting allowance levels, approval, processing, record keeping, reporting and reconciliations.

3. Compliance analytics

- We will analyse your expense transaction data to identify trends, outliers and exceptions and test for compliance with key controls.

4. Continuous monitoring

- We will process map and test the controls in place for your continuous monitoring of compliance and exceptions in the expense transaction data.

5. Training and awareness

- We will review the processes in place to inform staff and councillors of their compliance obligations and accountabilities.
- We will review the process and approach for dispute and complaint handling related to expense transactions.

Procedures

This internal audit will be performed using the procedures outlined below:

- We will analyse the expense data to identify and investigate exceptions, trends, unusual transactions and outliers and sample test for compliance.
- We will review data and transactions for analytics and sample testing for a 12 month period from 1 Sept 20 to 30 Oct 21.
- Consideration of all relevant delegations, code of conduct, policy, procedure, guidance and templates.

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MOORE • Hold discussions

with representative participants and process owners in the processes or owners of transactions selected for testing.

Start and completion dates

Key milestones estimated for this review are as follows.

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Activity	Expected dates
Scope approved	17 Nov 2021
Data request for analytics	30 Nov 2021
Fieldwork commencement	10 Dec 2021
Weekly status report	Duration fieldwork
Draft report	28 Jan 2022
Final report including management responses	9 Feb 2021
Table to Audit Committee	16 Feb 2021 (tbc)

Options and reporting

We will conduct an options workshop as part of our close out processes with key stakeholders where we will:

- Discuss and validate our observations.
- Present benchmarking and improvement actions to workshop and inform our solution design.
- Formulate agreed recommendations together.
- We will issue a draft report to provide a further opportunity for management validation and review.

Melton City Council – MCC Expenses review Page | 2

Sign Off

We are in agreement with the scope, approach and terms as outlined in this document.

Prepared by:

Kylie Maher

Director, Governance & Risk Advisory

Moore Australia Signed:

- Development of a draft report for submission to responsible officer and contract manager for feedback and comment.

- Submission of a final report to responsible officer, contract manager and the Audit Committee.

Exclusions

This internal audit will not consider the following:

- Testing of other council expense types outside of the 3 types defined.
- Sample testing is both random and bias on outliers, exceptions and unusual transaction types

Key Stakeholders

We will liaise and interview key representatives and participants to be agreed with the project responsible officer in the opening meeting and as maybe identified during the internal audit conduct.

Budget

The budget for this review is 100 hours.

The work will be delivered by:

- Kylie Maher, Director
- Brodie Symons, Senior Data Consultant
- Monica Wu, Consultant

Factors such as the number of interviews, availability of data and documentation, and status of the control environment can influence the above estimate. If required, we will advise you of any matters that may compromise our ability to remain within the budget hours.

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Item 6.11 Draft Scope for the Internal Audit Review of Council Expenses

Appendix 1 Draft Scope for the Internal Audit Review of Council Expenses

**MOORE** Date: _____

Approved by: Project Responsible Officer

Laura-Jo Mellan – Acting General Manager Corporate Services
Melton City Council

Approval can be accepted by email or electronic email below.

Signed: _____

Date: 8 November 2021
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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.12 INTERNAL AUDIT REPORT ON COVID - LESSONS LEARNED AND CONTROLS VALIDATION**Author: Cheryl Santoro - Senior Administration Officer****Presenter: Kylie Maher – Internal Auditor****PURPOSE OF REPORT**

To present the Internal Audit Report on 'COVID – Lessons Learned and Controls Validation' (The Report).

RECOMMENDATION:

That Council:

1. note that the Audit and Risk Committee reviewed the Report; and
2. note that 18 recommendations, of which 2 are completed, are to be achieved within the next 12 months.

Recommendation 12

Cr. Kesic/ Ms Gregory

That the Council:

1. note that the Audit and Risk Committee reviewed the Report; and
2. note the 18 recommendations, of which 2 are completed, and are to be achieved within the next 12 months.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Ms Maher provided an overview of the report and informed the Committee that the overall control environment rating for Covid – Lessons Learned and Controls Validation review was deemed as Adequate, with 18 recommendations to be addressed.

In response to a query, Ms Maher clarified that the full text of recommendations made in the report will be transcribed into the Audit Recommendations tracking tool.

REPORT**1. Executive Summary**

Internal audit reports are presented to the Audit and Risk Committee in February, May, August and November pursuant to the *Annual Work Plan 2021*.

The timing of each audit and corresponding report is determined by the approved *Internal Audit Plan 2021 to 2023*.

According to that Plan the internal auditors conducted a review of COVID – Lessons Learned and Controls Validation and the resulting Report dated November 2021 is attached at **Appendix 1**.

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2. Background/Issues

Internal audit reports are presented to the Audit and Risk Committee in February, May, August and November pursuant to the *Annual Work Plan 2021*.

The timing of each audit and corresponding report is determined by the approved *Internal Audit Plan 2021 to 2023*. According to that Plan the internal auditors conducted a review on COVID – Lessons Learned and Controls Validation.

The objectives of this internal audit is the consideration of the key risk areas, response, and ongoing controls in place for the following processes related to COVID impacts, such as:

- People and culture - leave management, excessive leave risks, provision of employee support, changes to payroll and approval processes, safety risks for remote working, offsite asset movement, security and management • Lessons learned, continuous improvement, communication and engagement with our people and our community
- System and data – system access changes and workarounds, controls and training for cyber, privacy risks impacts, record keeping and storage, complaints, breaches and incidents.
- Financial controls - monitoring of COVID financial impacts, accounts payable and spend approvals and delegations, debtors waivers, write offs and refunds including relief reductions.
- Procurement and contracts - emergency provisions for new suppliers, policy exemptions and approvals, purchasing controls design changes, contract executions and variations, supplier communications and engagement.
- Funding and relief - controls on relief initiatives, emergency pandemic support and suppliers, grant processes and acquittals.

The Report dated November is attached at **Appendix 1**.

With the work completed as outlined in our scope and information provided to us in the conduct of this internal audit, we concluded that COVID – Lessons Learned and Controls Validation at Melton City Council as adequate.

Outlined in this report is the summarised gaps and improvements to address the findings and detailed recommendations, with defined actions to achieve within the next 12 months.

The internal auditors will be present at the meeting to answer any questions.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

21. Review reports on Internal Audit reviews

4. Financial Considerations

N/A.

5. Consultation/Public Submissions

Consultation occurred with relevant staff members throughout the process of this internal audit review.

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6. Risk Analysis

The key risks associated with this review are set out within the report.

7. Options

The Committee may accept or request further information in relation to this report tabled by the Internal Auditors.

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1. Internal Audit Report on COVID - Lessons Learned and Controls Validation

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INTERNAL AUDIT
COVID LESSONS LEARNED
AND CONTROLS
VALIDATION REVIEW

Melton City Council
17 November 2021

FINAL REPORT

Overall Control Rating – COVID Lessons Learned and
Controls Validation



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Appendix 1 Internal Audit Report on COVID - Lessons Learned and Controls Validation



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DISTRIBUTION LIST

Maurie Heaney	Acting Chief Executive Officer
Laura-Jo Mellan	Executive Manager Property and Projects
Bradley Dosser	Manager Legal, Governance and Risk

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EXECUTIVE SUMMARY

Objective

The objective of this internal audit was to assess the adequacy and effectiveness of Melton City Council (MCC) response and overall management of its business during the COVID-19 pandemic. This internal audit considered the effectiveness of the controls in place, identified key learnings, and has made recommendations for further control and response improvements. Appendix 1 provides the agreed internal audit scope including approach and procedures.

Work Conducted

We conducted interviews or workshops with 20 team members from diverse areas of the organisation including Executive, People & Culture, Finance, Operations, Communications, Families & Children's, Information Services, Capital Projects, Community Planning, Emergency Management and Engagement & Advocacy. We reviewed over 100 documents provided by Melton City Council team members, tested a sample of grants and performed walkthroughs for key processes. For detailed information on the individuals interviewed please refer to Appendix 3. For a list of the documents considered please see Appendix 4.

Overall control environment rating

Adequate	<ul style="list-style-type: none"> Improvements required to strengthen the response to COVID-19. Enhancements required to COVID-19 preparedness. Opportunities to strengthen controls in new and evolving processes implemented during COVID-19 response.
-----------------	--

With the work completed as outlined in our scope and information provided to us in the conduct of this internal audit, we concluded that the COVID-19 lessons

learnt and control environment at Melton City Council is adequate. Appendix 2 provides an overall rating matrix to guide this rating process.

Individual finding ratings

In Section 1 of this report, we provide findings and recommendations to address these. We have discussed and agreed these with management and provide a proposed implementation roadmap below to guide in this process. Appendix 2 provides the internal audit finding rating matrix to guide this rating process.



Finding areas

In the conduct of this internal audit, we noted findings in the following areas for action.

1.1 COVID response – staff wellbeing, optimising management of OH&S risks, communication and maximising benefit of changes in working.	Medium
1.2 COVID preparedness – refresh CMT approach, currency of key emergency management documents and plans and strategies to coordinate response and recovery activities.	Medium
1.3 COVID related processes – staff awareness and training for information management protocols, procurement controls and some grant funding processes.	High

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Positive observations

In the conduct of this internal audit, we noted numerous positive observations which have been detailed in the relevant sections of the internal audit report. In summary these relate to:

- Rapid and effective roll out of the working from home IT systems and supports.
- Communication that kept staff well informed and connected.
- Timely and clear decision making from the Crisis Management Team.
- Mechanisms and approaches to work that fostered collaboration.
- Increased online lodgement for permits, registrations and other payments.
- Proactive engagement with rate payers to reduce doubtful debts and minimise financial hardship.
- Flexible delivery of changed and new services to effectively support the community.

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**BACKGROUND INFORMATION**

It has been an unprecedented 18 months for the Council, its staff, communities and partners, with all areas of the organisation and service delivery significantly impacted. There has and will be long term impacts felt by the pandemic and the social distancing restrictions upon the broader community. The next 12 months also bring a different set of challenges with change in the response to COVID-19 including easing of restrictions, a current surge in case numbers and the implications and impacts of the vaccination programs. The real impacts of the last 18 months may now be further highlighted.

The following COVID related impacts have occurred and are ongoing for MCC:

- Partial or full closure of services, sites and offices;
- Working from home for extended timeframes providing impacts on effective support and monitoring of staff wellbeing and delivery;
- Disruption of controls and processes leading to increased risk of error, fraud or misappropriation;
- Increase speed of response, decisions and program implementation to assist; and
- New funding, grant and relief initiatives for quick design and implementation.

Positive reflections

- We heard a number of examples of staff talking proudly about how the organisation was more agile, flexible and adaptable in responding to the rapidly evolving pandemic.
- Examples were provided about rapid response in partnership with other agencies, suppliers, community groups and community to work together for common objectives.
- There were many examples of a collaborative approaches within the organisation, to work together to support each other with the shift to

different types of working arrangements, while remaining committed to the delivery of services for the community.

- There were positive reflections on the speed and ways of responding to community need, like with the establishment of the 3 Community Connector Hubs.
- There were several examples of innovative process changes that have occurred since March 2020.

Challenge ahead

The key challenge is to continue to leverage, facilitate and empower the focus on improvement and innovation that has been occurring over the last 18 months, while delivering on the increasing need for services in the community and supporting your people and their wellbeing.

There is great potential to reflect further on the successes and opportunities for improvement identified over the past 18 months.

There is also an opportunity to strengthen some of the processes implemented during this time, to ensure they are appropriately achieving their intended outcomes.

The COVID-19 Recovery Action Plan project

The organisation has recently convened the COVID-19 Recovery Action Plan project which will guide the reactivation and recovery of the City of Melton in response to the social and economic impacts of the COVID-19 pandemic.

The project has engaged a full time Project Lead to coordinate the delivery of project objectives.

This project will build on the work of The City of Melton Resilience and Recovery Framework, in addition to the Council and Wellbeing Plan 2021-2025 and the recommendations arising from this internal audit. The project is expected to cover:

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- Consultation with staff, councillors, service providers, businesses and the community;
- Commissioned research into the economic impacts of the pandemic in the City of Melton;
- Review of relevant data and information;
- Analysis of gaps;
- Development of the community-facing and internally-focused actions; and
- Launch of Action Plan to be implemented during 2021-2025.

Both the project control group and the project working group will include representatives from a variety of areas of the organisation, which will help foster sharing of ideas and perspectives and strengthen implementation.

This project will provide a significant opportunity to support the community and the organisation through the COVID recovery and beyond. This will provide further opportunity to identify gaps and learnings to be applied in the future.

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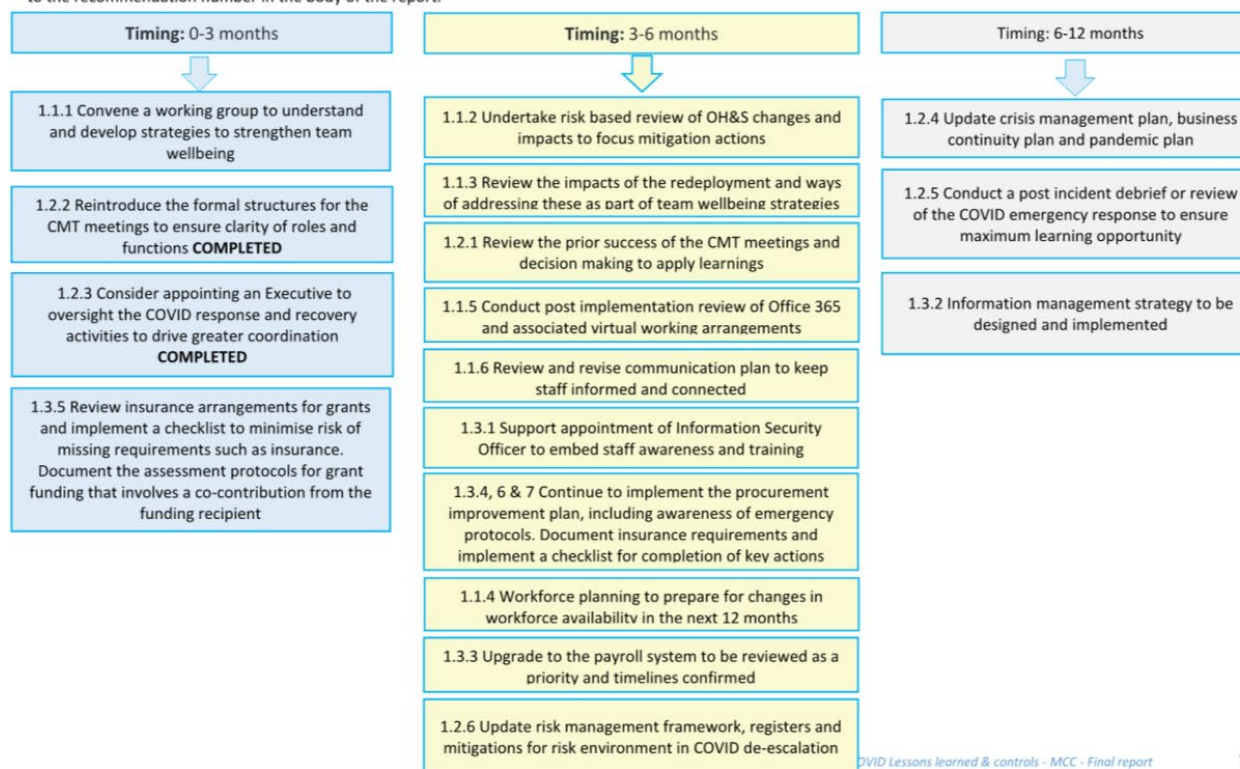
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IMPLEMENTATION ROADMAP

We have provided a summary on a page of the recommendations with priorities and timing to further guide your implementation. The numbers of the actions correspond to the recommendation number in the body of the report.



COVID Lessons learned & controls - MCC - Final report

7

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Appendix 1 Internal Audit Report on COVID - Lessons Learned and Controls Validation



SECTION 1 – SUMMARY OF OBSERVATIONS AND FINDINGS

1.1 COVID RESPONSE

Finding Priority

Medium

Fostering innovation

Positive Observations

- Staff reflected that the need to respond to the rapidly changing environment required them to work with different teams and with different purpose; building collaboration and focusing on innovation and the most effective way of achieving objectives and delivering on community needs.
- The Work for Victoria program flagged some of the responsive and agile processes that were required and staff had identified future opportunities for how recruitment could be performed more flexibly in the future as a result of the learnings from this program.
- The delivery of learning and development online has expanded the training opportunities and delivery methods available to the organisation.
- Finance area spoke of their more targeted and proactive support for debtors, to work flexibly to better respond to those in the community experiencing financial hardship and minimise risk of increasing debts and community experiencing greater financial difficulties.

Improvement opportunities – to continue to leverage positive lessons learned

- Teams were keen to retain and build on the responsiveness and innovation focus in the way they do their work into the future.
- There is an opportunity to leverage this agility and innovation in setting strategy, development goals and future organisational change.
- Further focus to share good news stories about the response and the innovative ways the organisation adapted to build this into the organisational culture.

Supporting community

Positive Observations

- Whilst acknowledging the significant and as yet not fully understood impacts of COVID on the community, staff spoke proudly about various ways the Council had altered their service delivery model to strive to better respond to community needs.
- The facilitation of food relief supports were seen as significant and important work. Staff felt council reallocated resources quickly to enable critical supplies for the community.
- The establishment of the Community Connector Hubs to link community to appropriate providers.
- Programs that changed the way they worked to provide support for vulnerable community, for instance different approaches for visiting at risk children.
- Staff were proud of the work they had undertaken to respond at speed to the changing public health advice and restrictions and applying that to Council information, facilities and services.
- Examples of the potential to reach community differently were discussed including the growth of the online presence with increases in YouTube engagement and building opportunities to deliver programs differently, for instance moving the library services online and launching the global online learning event.

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**Improvement opportunities – to continue to leverage positive lessons learned**

- We understand that some work has been done to assess and consider the impact the COVID experience has had on community, for instance the Social and Economic impacts reporting.
- Further planning and consideration will need to be given to assessing which service delivery models will remain in place, which will return to pre-COVID operations and which will need to further evolve. Particular examples raised by staff included the food relief programs and responding to the impacts of family violence.

Staff wellbeing refresh and refocus**Positive Observations**

- Team members spoke highly of various strategies and supports put in place during COVID to try and stay connected and support their colleagues; such as online social events, “the great race”, R U OK day, facilitated sessions with external providers and different meeting methods such as daily huddles and toolboxes.
- Positive feedback was also noted on the organisation wide supports and the use of Employee Assistance Program.

Findings

- Feedback from staff was that there is a perception that some of these activities have not been as prominent over the last 6 months.
- A consistent theme of staff fatigue was raised during the interviews, and suggests this is a key risk for ongoing focus.
- Managers reported staff working additional hours over a sustained period.
- Through conversations with team members and managers, it appears that some parts of the organisation are also under particular increased pressure including People and Culture, OH&S, Emergency Management, Community planning and engagement and procurement. Staff from these areas reported that as well as dealing with the impacts of COVID, and changing working environments, they also have subsequent additional work associated with new funding, new services, changed services, increase in volume of work and subsequently new reporting and administrative requirements.
- Staff do appear to have a high level of uncertainty about the upcoming 12 months given the potential increase in transmission, impacts of mandatory vaccination, continued targeted isolation strategies and the increase in community demand given the planned reopening.

OH&S Focus**Findings**

- We understand that the structures for OH&S responsibilities have changed during the last 18 months. Given this and the changes in the OH&S environment we understand that this will need ongoing focus over the coming months. Staff spoke to us about:
 - Increasing challenges of managing team wellbeing and risks to mental health.
 - Increased and changed occupational violence risks associated with changes in service delivery – for example check in processes, working restrictions, potential mandatory vaccination impacts. Given the impacts of COVID on our community there has been escalation of client aggression in other Local Government Areas (LGAs) and this may also be seen in Melton and requires close monitoring and proactive mitigation planning.
 - Flow on impacts to staff of supporting community with their changing needs – for instance the increase in complexity and occurrence of family violence.
 - Risks of working in different conditions – for example drive-through testing clinics.

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- Inconsistent application of restrictions in relation to working from home that places staff unnecessarily at risk – for instance some staff having to attend offices for the purposes of providing hard copy documents because they were not accessing the portals available, this did include instances of Councillors requesting this. This would not meet the definition of essential work.
- Changes in the protocols for site visits – some staff had reportedly been taking family members on site for the visits as they felt unsafe.
- Staff were keen to see further communication, supports and training to respond to these risks.
- Managers are keen to have more conversations about how working in hybrid models, engaging with community and delivery of services will be done in the future.

Redeployment outcomes and improvement opportunities**Positive Observations**

- It was a significant achievement that staff were able to be redeployed and jobs losses or loss of working opportunities were minimised in 2020 and 2021.
- This was the result of significant work by Executive and the People and Culture teams, and again demonstrates commitment to staff and adaptability of the organisation.
- We heard positive experiences where staff had learnt new skills and retained new roles following the redeployment. There were also areas of the organisation that benefited from the additional resources during this time.

Findings

- Whilst interviews indicated staff appreciation for the focus on minimising job losses, managers reported ongoing impacts to staff wellbeing due to the redeployment.
- Some staff were redeployed from areas that subsequently became under-resourced and staff felt they were not making the same contribution that they could have if they remained in their usual work area. This has reportedly impacted morale and continues to do so.
- Managers also reported significant fatigue in the staff that had remained in their usual roles and this is also having ongoing impact to staff wellbeing.

Effective implementation of new ICT delivery**Positive Observations**

- Staff reflected on the speed and effectiveness of the roll out of the virtual working arrangements and Microsoft 365.
- The necessity to adopt different ways of working as a result of COVID appear to have heightened engagement with the roll out and strengthened staff familiarity and utilisation of the systems.
- Staff reported the collaborative nature of the new tools were essential in being able to continue to stay connected and deliver on their work.

Findings

- There is an opportunity to conduct a post implementation review of the roll out to ensure maximum value is obtained and any relevant lessons are captured for future use.

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- Given the speed at which this was undertaken, it would be prudent to do a post implementation controls review to ensure the training, guidance, information management protocols and the security framework are operating as expected.

Informative communications**Positive Observations**

- Another key positive reflection from our interviews was the regular and timely communication provided by the CEO, particularly during the peak of changing activity, risks and restrictions during 2020. Staff reported this helped them to feel connected and informed.

Finding

- Some staff reflected the desire to see more formal communication from the organisation given the particularly uncertain times ahead with a changing approach to the COVID response. Communication options should be further explored and implemented.

Recommendations

The following recommendations should be considered as either standalone activities or be incorporated into the COVID-19 Recovery Action Plan project.

1. **Wellbeing:** Consider the immediate reconvening and refresh of the Wellbeing Working Group to hear directly from key representative staff on opportunities to support and build team wellbeing and mental health. This may also help to provide opportunities to give staff a voice and participate in designing innovative ways to address some of the challenges. We understand that the appointment of the Project Lead for the COVID-19 Recovery Action plan will assist in coordinating this activity.
2. **OH&S:** It is recommended that a risk based approach be undertaken to further investigate and understand the changes to OH&S practices and requirements. Revised risks should be rated and mitigations prioritised accordingly. Key focus should be taken in regards to occupational violence, client aggression, mental health and wellbeing and the emerging hybrid working models (part office or site based, part at home).
3. **Redeployment:** It would be prudent to understand more fully the flow on impacts of the redeployment, to reduce the occurrence of similar issues, may the need arise again for redeployment during the likely periods of COVID surging over the next 12 months. The impact of the redeployment process should be considered in the design of staff supports for the next 12 months.
4. **Workforce Planning:** It would be beneficial to conduct further workforce planning and preparedness to manage the ongoing and evolving COVID response over the next 12 months and address resource gaps and challenges that exist in some teams.
5. **IT roll out:** It would be beneficial to conduct a post implementation review of the roll out to ensure maximum value is obtained and any relevant lessons are captured for future use. Given the speed at which this was undertaken, it would be prudent to do a post implementation controls review to ensure the training, guidance, information management protocols and security framework is operating as expected.
6. **Communication:** A communications plan should be developed to keep staff informed and connected as the COVID response changes over the next 12 months.

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Management comments

M1. Convene a wellbeing working group	Accountable: Manager People and Culture	Target date: December 2021	Management Comments: Agreed. The terms of reference will be reviewed and updated and an expression of interest process used to refresh the working group participants.
M2. Conduct a risk based review of OH&S to prioritise mitigations and actions	Accountable: Manager People and Culture	Target date: June 2022	Management Comments: Agreed. Work has commenced on this action with immediate risks including vaccination and the return to site based work being addressed first. A longer term review of all OH&S risks will then commence.
M3. Review redeployment for lessons to incorporate in workplace wellbeing strategies	Accountable: Manager People and Culture	Target date: April 2022	Management Comments: Agreed. Review of lessons learned has been undertaken and will be fed into the COVID Reactivation and Recovery (Workforce).
M4. Conduct further workforce planning to respond to COVID changes and address resource gaps	Accountable: Manager People and Culture	Target date: April 2022	Management Comments: Agreed. Workforce Planning is underway in accordance with the requirement of the LG Act 2020 which will in part respond to this recommendation. In addition, the COVID Reactivation and Recovery Plan currently under preparation will further consider this issue given the ongoing nature of the pandemic.

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M5. Conduct a post implementation review of the IT roll out and virtual working arrangements	Accountable: Manager Information Services	Target date: 30 March 2022	Management Comments: Agreed. Council will engage a suitable service provider to undertake a post-implementation review of the Microsoft 365 and remote connectivity solution identifying risks and improvement opportunities.
M6. Revise and refresh the internal communications plan for staff to keep them informed and connected	Accountable: Manager Engagement & Advocacy	Target date: 30 March 2022	Management Comments: Agreed.

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1.2 COVID PREPAREDNESS

Finding Priority

Medium

CMT Operations and reporting

Positive Observations

- Feedback from our interviews regarding the conduct and reporting from the CMT, in particular during the initial peak of the pandemic was positive. Team members reflected on the "Sit Rep" processes as providing a clear and structured reporting and decision making framework that facilitated a timely response and targeted actions.
- Decision making through the CMT was seen as a strength and staff were keen to explore options for retaining some capacity to escalate key decision making requirements in the future.

Findings

- We understand that the CMT had not been meeting in a formal manner during the time of this internal audit and that some of the response roles were not as clearly defined as they had been during the early stages of COVID.
- Some staff also commented that the COVID response work was feeling somewhat fragmented, with a lot of activity being conducted across the organisation but not in a visibly coordinated manner.

Crisis Management and business continuity plan

- We understand these key documents are being reviewed and revised and there will be a number of lessons and practical updates that will need to be made to emergency and business continuity management and planning in the future.

Findings

- Staff were keen to engage in further debrief or reflections as appropriate. Some of the customer facing and service delivery areas of the Council were also keen to get more involved in effective business continuity planning, and felt they had expertise and understanding of the impact to community that would be beneficial to share.
- We also note that the current pandemic plan was last reviewed in 2015.
- We are advised that a formal emergency response debrief and review will be conducted at an appropriate time in the future.

Risk management during COVID

- We do understand that the organisation was without a risk professional for much of the pandemic, and therefore not all risk management practices have been updated to reflect the COVID environment.

Finding

- It would be a timely opportunity to reconsider and refresh risk registers and risk mitigation plans to reflect current state and capture risk mitigations for the COVID de-escalation and next phases. The ongoing updates of the risk registers is a key activity to provide risk based response and given the evolving and changing environment, changes to service delivery and changes to ways of working.

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Recommendations

1. **Review of CMT meetings:** Consideration should be given to conducting a review of the CMT meetings, to identify what worked well and why, for consideration in the future. This would help with preparedness for further COVID response, relief and recovery activities.
2. **Formalise CMT:** It may be timely to consider re-establishing the formality of the CMT meetings given the significant work being done across the organisation in COVID response, relief and future recovery. We understand that this return to more formalised CMT structures and operations is underway.
3. **Executive Owner:** An alternative option to bring further coordination and oversight to the COVID related work, could be the allocation of a centralised Executive owner. This may have benefits in terms of reporting, prioritising and escalating work and projects. This may also be part addressed through the COVID-19 Recovery Action Plan project and the allocation of the Project lead to help coordinate the recovery work.
4. **Crisis Management and Business Continuity plans:** These documents should be revised and refreshed to ensure currency. Based on our review, observations and discussions with staff, additional consideration should be given to the following areas.
 - o Interdependencies with key partners like suppliers and impacts of mandatory vaccination and potential impacts on ability to deliver council work should be factored into future preparedness planning or scenario planning.
 - o How best to consider clinical risks and service delivery decision making within business continuity and crisis planning given the council is a provider of certain health services.
 - o De-escalation protocols for extended emergencies such as COVID, to be clear on the longer term de-escalation checkpoints and corresponding roles/responsibilities/actions.
5. **Future debrief and review activity:** This should include representation from across the organisation to maximise the value of different team's experiences and lessons learnt.
6. **Risk Management:** Review and refresh risk management framework and risk registers to reflect current COVID response, recovery and preparedness.

Management comments

M1. Review learnings from the successes of the CMT meetings	Accountable: Manager Operations	Target date: June 2022	Management Comments: Agreed.
M2. Formalise the role and structure of the CMT again to oversight the evolving COVID response	Accountable: Manager Operations	Target date: Complete	Management Comments: Agreed. Complete

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M3. Consider allocation of an Executive to help drive further coordination across the response and recovery activity	Accountable: Executive Manager Property & Projects	Target date: Complete	Management Comments: Agreed. Complete
M4. Update key crisis management, business continuity and pandemic plans	Accountable: Manager Operations	Target date: December 2022	Management Comments: Agreed. Work has commenced with the Business Continuity Policy and the IT Disaster Recovery Procedure updated and approved by Executive. A Business Impact Analysis will be undertaken in 2022 which will drive the development of BCP. Longer term date reflects the detailed work and collaboration with other local councils. Business continuity plan development and embedding will occur in 2022.
M5. Undertake review/debrief of the COVID Emergency response at a future appropriate time	Accountable: Manager Operations	Target date: June 2022	Management Comments: Agreed. Exact date will be dependent on timing of COVID pandemic.
M6. Review and refresh risk registers and risk mitigations to reflect the current COVID de-escalation environment	Accountable: Executive Manager Property & Projects	Target date: June 2022	Management Comments: Agreed. Exact date will be dependent on timing of COVID pandemic.

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1.3 COVID RELATED PROCESSES

Finding Priority

High

Flexible working arrangements

Positive Observations

- Many staff reflected on the positive outcomes of working from home, or a mixed model of home and office based work, providing for greater productivity, less time lost in travel and greater flexibility. Staff suggested keeping some flexibility in working arrangements would help to attract and retain workforce in the future.

Increased online engagement with community

Positive Observations

- As part of the change in service delivery methods (and building on from previous work) the council has increased the online lodgement of various planning, building, waste, animal management permits and registrations. It was noted that in January 2020 approximately 200 plans, permits or registrations were lodged online, compared to approximately 4,000 in August 2021. This is a considerable achievement.
- Additionally staff noted the significant growth in other online engagement platforms, such as YouTube engagement.

Information management

Findings

- Based on our interviews, there are gaps in staff awareness and knowledge about the changing information management practices given the move to virtual working, the implementation of new systems and changes to process. Some staff have raised concerns about the changing risk of information management practices with the move to a more home based, virtual way of working. In particular:
 - Gaps in updated and specific guidance on the use of different systems and information storage protocols. Interviews indicated different approaches being taken by different teams.
 - Seeking further training on information management requirements and implementation, with different areas of the organisation taking different approaches.
 - Further guidance and reminders about secure document destruction of printed information in the home office is required to manage the risk associated with this change in the way of working.
 - There has been an increase in the reliance on email and further guidance on email protocols would be beneficial.

Close monitoring of financial and liquidity impact of COVID

Positive Observations

- Through discussions with staff and the review of reporting and reconciliations, it is apparent that close monitoring and regular reporting of financial performance allowed the organisation to take timely corrective action as required and maintain a reasonable financial position during the COVID response.

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Payroll

Findings

- The payroll system environment includes a number of manual, paper based processes; in particular for timesheets, leave requests and pay run review. This presents a control weakness in the process.
- During the COVID response, these processes have transitioned to become more email based. Whilst this provides better audit trail to the process, it still represents risks in data integrity and timeliness, and creates additional risks of information security.
- It is also not optimal to have a key review control – such as review and approval of pay run – to be performed outside of the system and without direct linkages back to the original source data. This creates risk of error and potential manipulation.
- We understand that a major upgrade to the Authority payroll system has been scheduled for some time now, and is likely delayed until 2022. This would provide for much greater controls within the payroll process.

Procurement

Findings

- The organisation has acknowledged that procurement is a key area requiring improvement. A new Procurement Internal Working Group has been established to help oversight improvements. It is noted that progress has been made including improved guidance for staff, a central point for procurement advice and queries, a revised procurement policy has been approved by Council, the implementation of an automated accounts payable system and introduction of exception reporting that allows greater monitoring controls. There is still a significant amount of work to be undertaken to ensure appropriate internal controls are in place.
- Staff discussed their concern about lack of standardised process and templates to be used – and this was particularly challenging in responding to emergency requirements, time pressures and the different requirements of the COVID response. Various staff voiced their concern that the procurement function is not appropriately resourced.

Further improvement opportunities have been discussed and identified in our testing:

- Procurement procedures and templates to be updated (staff recreate processes and templates in the absence of standardisation).
- More planning needed to prepare preferred supplier lists (to increase efficiency as well as better control processes).
- Continue roll out of training and guidance on tender processes and procurement more broadly (to help lift awareness and capability to ensure compliance and greater efficiency).
- Develop an evaluation framework to set minimum standard for tender evaluation and facilitate a consistent and streamlined process.
- Investigate options to centralise the function to improve adherence to policy and consistency of process, minimise the need for staff to recreate processes and templates and enhance efficiency.
- Establishment of a contract management register and system for greater oversight, monitoring and control of key contracts and risks.

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- More robust processes for monitoring compliance with policies. For instance investment in appropriate resourcing to ensure the timely investigation of exception reports used to detect potential breaches or issues. As an example, we obtained an exception report showing invoices raised for the same vendor in August and September 2021. There were in excess of 200 transactions listed in the exception report which could indicate poor controls such as invoice splitting, or inefficient processes with regards to invoicing. Procurement staff had not had the opportunity to review any of these transactions, and report significant challenges with reviewing other exception reports in a timely manner.
- Clearer delegations to support emergency purchasing in order for rapid response to be achieved with greater clarity on the approval and authorisation environments, to assure staff and minimise risk of inappropriate purchasing. We spoke with a staff member who had to urgently engage a service provider for emergency traffic management at a drive thru testing facility. The traffic management services were required urgently to prevent serious traffic incidents as cars were queuing dangerously on major roads. This traffic management engagement resulted in approximately \$400,000 expenditures, but had not been approved under the procurement requirements relating to market testing and tender provision due to the time and urgency constraints. The supplier was not included in a preferred panel and therefore without the tender process had not been reviewed to the same extent as other suppliers. We do note that the staff member had received verbal approval from the CEO to undertake this procurement, and the procurement was of a high need and risk, and that eventually the procurement will be reimbursed by the Department of Health. It does however indicate that the urgent procurement exemption process needs strengthening.

Grants and funding

Positive Observations

- A number of new streams of funding were implemented to respond to COVID. Some of the new funding and grants required fast paced implementation such as the Melton Local program, utilising a variety of providers to deliver services, in a different approach and partnership with the funding agency.
- A new procedure form was used to document the exemption from usual required procurement processes such as market testing via tender or quotes and finance and legal assisted in drafting up new funding agreements in a timely manner. Flexible and responsive reporting was maintained and provided to the funding agency to monitor progress and impact.
- New grant funding was rolled out in a timely manner to best help support communities including the COVID-19 Community Relief and Recovery Fund Program, established by council to support various groups to deliver services and supports to community via the three Community Connector Hubs at Kurunjang, Aintree and Caroline Springs. Assessment criteria and panels were established quickly to enable appropriate review and grant processing. The success of this program is evidenced by the additional approval of a second grant round.
- There are various examples of teams working flexibility in tight timelines to achieve new funding and new and targeted support services for community.

Improvement opportunities – to continue to leverage positive lessons learned

- We understand that the Community Planning team are looking at options for a review of their grant processes, given the substantial increase in the number of different funding streams and the volume of grants programs, the changes in processes and the increase in reporting requirements. This would seek to identify

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opportunities for efficiencies and improvements. This should be supported as part of the commitment to innovation and adapting to the lessons learnt of the past 18 months.

Findings

- We understand from our interviews and review of documentations that in the speed to implement the first round of the Melton Local Program funding, the requirements for service providers to demonstrate appropriate insurances was not followed (and was not followed up as part of the grant approval process). This represents a future risk to the council; for instance some grant recipients may be without appropriate insurance, leaving the council with the potential cost and implications of future public liability claims.
- In reviewing the Outdoor Entertainment Package Funding, we are aware that one provider received a large lump sum – i.e. \$100,000 of funding to undertake specific joint funded “parklet” work in their retail precinct. Other funding amounts were of a much smaller nature. We acknowledge this funding was a new funding stream, it needed to be allocated in a short time frame, and it did proceed through the approval process. There could be a perception that not all businesses were encouraged to consider the funding opportunity in the same manner, including be advised that a part-funded/co-funded project would be considered. There is no specific guideline to help ensure consistency and transparency in the fair assessment of grant applications that include a funding contribution from the grant recipient.

Recommendations

1. **Information Management:** The decentralised processes and rapidly evolving ways of working in response to COVID have changed the way information is managed within the organisation. This increases the risk of potential misuse or inappropriate use of information within the organisation. A program to build staff awareness and training on this key risk area should be established. We understand that IT is employing an information security officer to strengthen controls, training and awareness of required processes across the organisation. This new position should be supported to implement strengthened protocols and awareness across the organisation.
2. **Information Management Strategy** Development of an information management strategy that would include risk assessment, standard protocols to drive consistency and appropriate security controls would be beneficial.
3. **Payroll system upgrade:** The upgrade to the payroll system should be prioritised as soon as possible. This should allow for automated timesheets and workflow to be imported directly into the payroll records, significantly strengthening payroll controls.
4. **Procurement:** The work to strengthen procurement processes should continue as a priority. The review should include strengthening the protocols and awareness for emergency procurement.
5. **Insurance:** Follow up with the funded agencies should be undertaken to seek insurance information. This would help to mitigate future risk such as implications of future public liability claims. Confirm minimum insurance requirements and include in the checklist to ensure implementation.
6. **Grant funding and procurement checklist:** Formal checklists for Procurement and Grant funding should be adopted to ensure all key activities are undertaken, even in tight timelines.

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7. **Guidelines for grant/procurement assessments with co-contributions:** Specific guidelines should be documented to assess the criteria for pursuing joint funded grant/procurement projects where the grant recipient is making a co-contribution. Equity of access to funding and therefore community benefit should be a key consideration.

Management comments

M1. Information management awareness and training for staff	Accountable: Manager Information Services	Target date: 30 March 2022	Management Comments: Agreed. The new IT structure contains an Information Security officer position which IT which is currently being recruit. Once a suitable candidate is secured, a review will be undertaken of both the information security awareness training and records management training to ensure they adequately account for the hybrid working arrangements that have resulted from working from home.
M2. Information management strategy	Accountable: Manager Information Services	Target date: December 2022	Management Comments: IT is about to commence the development of the organisation's digital strategy. Effective management of the organisation's digital information is a crucial element of any technology-enabled strategy, especially improvements in how the organisation captures, stores, consumes and disposes of information in an increasingly decentralised workforce.
M3. Review and confirm priority for the payroll system upgrade	Accountable: Manager Information Services	Target date: 30 March 2022	Management Comments: Agreed. This upgrade is scheduled for March 2022.
M4. Continue the procurement improvement strategy and risk based procurement	Accountable:	Target date:	Management Comments:

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improvement plan including strengthening protocols and awareness for emergency procurement	Manager, Finance	June 2022	<p>Agreed.</p> <ul style="list-style-type: none"> Procurement improvement opportunities were identified by officers as part of internal procurement review present to Executive earlier this calendar year. Work to implement the finding of this review is underway including: Standardisations of templates – In progress Preferred supplier lists – In progress Moving to a centre led model – In progress Contract management register (Tender out to market) – In progress More robust processes for monitoring compliance with policies been established via data analytics, requires resourcing to monitor continuously – In progress Revised procurement policy has been approved by Council (25 October 2021).
M5. Review grants to ensure appropriate evidence of insurance, develop a checklist to ensure key actions are undertaken and document assessment guidelines for grant funding where the recipient makes a co-contribution	<p>Accountable:</p> <p>Manager Community Planning</p>	<p>Target date:</p> <p>February 2022</p>	<p>Management Comments:</p> <p>Agreed.</p>
M6. Review procurement processes to ensure appropriate evidence of insurance, develop a checklist to ensure key actions undertaken and document assessment guidelines for procurement where the supplier makes a co-contribution	<p>Accountable:</p> <p>Manager, Finance</p>	<p>Target date:</p> <p>June 2022</p>	<p>Management Comments:</p> <p>Agreed.</p>

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APPENDIX 1 – INTERNAL AUDIT SCOPE

Objective

The objective of this internal audit was to assess the adequacy and effectiveness of MCC response and overall management of its business during the COVID-19 pandemic. This internal audit assessed the effectiveness of the controls in place, identified key learnings, and made recommendations for further control and response improvements to continue responding to COVID and future incidents and issues.

Approach

The objectives of the review were achieved with consideration of the key risk areas, response, and ongoing controls in place for the following processes related to COVID impacts:

1. People and Culture

- Leave management, excessive leave risks
- Provision of employee support
- Changes to payroll and approval processes
- Safety risks for remote working
- Offsite asset movement, security and management
- Lessons learned, continuous improvement
- Communication and engagement with our people and our community

2. Systems and Data

- System access changes and workarounds
- Controls and training for cyber, privacy risks impacts
- Record keeping and storage
- Complaints, breaches and incidents

3. Financial Controls

- Monitoring of COVID financial impacts
- Accounts payable and spend approvals and delegations
- Debtors waivers, write offs and refunds including relief reductions

4. Procurement and Contracts

- Emergency provisions for new suppliers
- Policy exemptions and approvals
- Purchasing controls design changes
- Contract executions and variations
- Supplier communications and engagement

5. Funding and relief

- Controls on relief initiatives
- Emergency pandemic support and suppliers
- Grant processes and acquittals

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Procedures

This internal audit was performed using the procedures outlined below:

- Consideration of all relevant process area and COVID required policy, procedure and templates;
- Walkthrough of key processes to assess appropriateness of control design specific to COVID-19;
- Conduct a test of controls and procedures where relevant to confirm compliance with the policies and procedures;
- Root cause analysis where non-compliance with COVID-19 procedures has been observed in order to identify the primary root cause;
- Review of relevant monitoring and oversight reports, papers and minutes; Review and benchmarking of enabling tools used to deliver processes;
- Hold discussions with key participants in the processes; and
- We will conduct this review remotely using your preferred collaboration technology and our secure document dashboard to share information.

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APPENDIX 2 – INTERNAL AUDIT REPORT RATING GUIDANCE

The following provides a definition of the layout and content of our control ratings matrix to guide the reader in interpretation.

Rating	Finding / Control rating definition
Critical	The control observation has and will continue to impact the organisation in a material and significant way. This may impact on one or all of the organisations strategic outcome, reputation, financial sustainability, and safety and operation continuity. This control is unacceptable and requires immediate action to mitigate. This control requires reporting to the Executive sponsor for this review and escalation to the governance authorities.
High	The control observation has the potential to impact the organisation in a material and significant way. This may impact on one or all of the organisations strategic outcome, reputation, financial sustainability, and safety and operation continuity. This control is unacceptable and requires immediate action to mitigate.
Medium	The control observation has the potential to impact the organisation in a moderate way. This may impact on one or all of the organisations strategic outcome, reputation, financial sustainability, and safety and operation continuity. This control may be acceptable over a short period or in line with the organisations risk appetite and tolerance however, review of this should occur and approval to accept, monitor and/ or plan to mitigate should be implemented.
Low	This control observation is unlikely to impact the organisation in the short term or in a material way. This control is raised as it may escalate or not align to the organisations risk appetite and should be reviewed and monitored.
Improvement Opportunity	We flag this improvement opportunity as an emerging or future issue related to the scope area that is occurring in the sector and environment. It provides you with an alert to consider in your organisation for monitoring of emerging and escalating risks and/or future change or strategy implementation. With the objective to position you to be proactively mitigating and planning on these risks that may impact you in the longer term.

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Overall, process rating

We provide this overall rating of the process area under review as detailed in the project objective and scope.

Rating	Guideline Description
Strong	<ul style="list-style-type: none"> No control design improvements identified. Robust policy and procedure to set expectations guide and protect. Only minor instances of controls identified as not operating which have mitigating back-up controls, or the risk of loss is immaterial. All previous significant audit action items have been closed.
Adequate	<ul style="list-style-type: none"> Control design improvements identified, however, the risk of loss is immaterial. Minor policy and procedure gaps only. Isolated or "one-off" significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. Numerous instances of minor controls not operating for which sufficient mitigating back-up controls could not be identified. Some previous significant audit action items have not been resolved on a timely basis.
Fair	<ul style="list-style-type: none"> Control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. Some policy and procedure gaps on key control areas. A number of significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. Losses have occurred as a result of control environment deficiencies. Little action taken on previous significant audit findings to resolve the item on a timely basis.
Poor	<ul style="list-style-type: none"> Significant control design improvements identified to ensure that risk of issues related to integrity, probity, inaccuracy, material loss or adjustment is minimised and functional objectives are met. Significant gaps in policy and procedures for key control areas. An unacceptable number of controls (including a selection of both significant and minor) identified as not operating for which sufficient mitigating back-up controls could not be identified. Large volume of inaccuracies, high impact issues and/ or material losses have occurred as a result of control environment deficiencies. Instances of non-compliances, fraud or significant contravention of corporate policy or legislative/regulatory obligations detected. No action taken on previous significant audit findings to resolve the item on a timely basis.

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APPENDIX 3 – INTERVIEWS CONDUCTED TO INFORM THIS INTERNAL AUDIT

Interviewee	Role	Interviewee	Role
Nicole Misurelli	Manager, People & Culture	Kelvin Tori	CEO
Elissa Haley	Coordinator Communications	Maurie Heaney	General Manager Community Services
Brendan Sell	Manager Operations	David Caligari	A/General Manager Corporate Services
Brendan Ball	Manager Families & Children	Luke Shannon	General Manager Planning & Development
Sam Rumoro	Manager Finance	Laura-Jo Mellan	Executive Manager Property and Projects
Mark Domma	Manager Information Services	Adam Josifovski	Coordinator Community Activation & Learning
Sean McManus	Manager Engagement & Advocacy	Elyse Rider	Manager Community Planning
Sarah Annells	Coordinator Health & Building Services	Janine Thomas	Workforce Performance Coordinator
Donna Anderson	Procurement Coordinator	Dayane Mardesich	Coordinator Community Capacity
		Peter Doyle	Coordinator Emergency Management

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APPENDIX 4 – DOCUMENTS CONSIDERED IN THIS INTERNAL AUDIT

#	Policy / Document name	#	Policy / Document name
1	Council Meeting Minutes To Present City Of Melton COVID-19 Social And Economic Impacts Report	9	Grant Agreement: Working For Victoria Fund
2	City Of Melton COVID-19 Social And Economic Impacts Report	10	Working For Victoria Fund Reports (27 Reports Between 7 Aug 2020 And 20 Aug 2021)
3	Community Centres Covid Response	11	Council Report: COVID-19 Community Relief and Recovery Fund 31 August 2021
4	Covid-19 Local Government Sector Reporting 17/11/2020	12	COVID grants information excel dataset
5	Covid-19 Local Government Sector Reporting 08/06/2021	13	COVID grants documents <ul style="list-style-type: none"> • Panel minutes • Approval authorisations forms • Funding agreements
6	Investments Reconciliation At 31/08/2021		
7	Financial Reports FY 21 (Used To Monitor Covid Financials) Including <ul style="list-style-type: none"> • 10.1 Finance Report FY20 Full Year • 10.2 Finance Report FY21 Q1 • 10.3 Finance Report FY21 Q2 • 10.4 Finance Report FY21 Q3 • 10.5 Finance Report FY21 Year End • 10.6 Performance Statement FY21 Year End • 10.7 Annual Report FY21 Year End 	14	Information Security Policy
8	COVID Adjustments And Write-Offs	15	IT Physical Security Procedure
		16	Email Trails of Work From Home Arrangement Discussions
		17	COVID-19 Situation Reports (5)

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#	Policy / Document name
18	Email Trials of Staff COVID-19 Updates
19	Screenshot of Email Confirming MCC Has No Complaints Register
20	COVID Melton Local Project Phase 1 <ul style="list-style-type: none"> 7 funding agreements 7 procurement exemption memos
21	COVID Melton Local Projects Phase 2 <ul style="list-style-type: none"> 7 funding agreements 8 procurement exemption memos
22	Email from Manager of P&C outlining process changes
23	COVID-19 Payroll Process Update Procedure Document
24	COVID-19 Payroll Process Update (Screenshot of Email to Staff Regarding the Update)
25	COVID-19 Updated Working and Staff Arrangements
26	COVID-19 Updated Leave Management

#	Policy / Document name
27	COVID Safe Plans (9)
28	COVID-19 Financial Assistance (Rates & Charges) Policy
29	Financial Assistance (Rates & Charges) Policy
30	Debt Collection Policy
31	Procurement Process for Capital Projects
32	Procurement Process for Projects other than Capital Projects
33	Ap015. Invoice Splitting Within 14 Days Over \$10000 With The Same Vendor And Requisitioner
34	General Funding Agreement Between Melton City Council And Resdal Corp (Vic) Pty Ltd For Outdoor Dining
35	Pandemic Plan
36	Business Continuity Policy

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#	Policy / Document name
37	Business Transformation Monthly Report (December 2020)
38	Business Transformation Monthly Report (August 2021)
39	COVID-19 IT Business Continuity Strategy
40	Remote Working Rapid Response Initiative 31 March 2020
41	COVID-19 Recovery Action Plan – Project Control Group Terms of Reference October 2021

#	Policy / Document name
42	COVID-19 Recovery Action Plan – Project Working Group Terms of Reference October 2021
43	COVID-19 Social & Economics Impact Report March 2020
44	New Procurement policy dated October 2021
45	New Procurement procedures manual dated October 2021

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**DISCLAIMER**

Our work which this report refers to and the report itself is subject to the following limitations and explanation of the scope and coverage of our work.

This report is produced for your use and review. As such this report should not be distributed to any external party or used for any other purpose without our written permission.

This work was undertaken in order to provide an assessment of processes and controls employed in the organisation in relation to the scope defined in this report.

The way our risk review is conducted is such that it is intended to provide an appropriate level of coverage, as to the design and performance of the relevant key processes and controls.

As our work considers process and controls at a point in time, it is not possible to reliably ascertain if such controls will continue to function in the same manner into the future. In addition, any testing we perform is undertaken to determine if actual operational processes and controls are being undertaken in accordance with your defined processes, procedures and controls and does not conclude on the performance of such controls in the past.

Any business process and control environment is reliant on the design, interaction and execution of a multitude of intricate controls, procedures and systems. While our work considers as many of these elements as is practical within the allotted time and budget, it is very likely that, given the complexity of the relevant processes, our work will not have identified all existing or potential exposures and should not be relied on to have done so.

Within this report, we have provided our subjective assessment in relation to a number of aspects including the maturity of your business processes and controls; the potential risk exposure your processes present to the organisation as calibrated against your risk framework definitions; and the level of potential effort and benefit attributable to each recommendation identified by us. In this regard, these are subjective views we have expressed in our report should be treated as a general guide and recognised as such. It is very likely that yourselves or other reasonable persons, may reach an alternative view and this it is incumbent on management to apply its own assessment and to form its own view in the regard.

Unless otherwise defined in the scope of work, any assessment or testing we perform with regard to the effectiveness of processes and controls or any other existing or potential exposure, wither historically, currently or into the future does not provide any level of comfort or audit assurance as defined by relevant auditing standards and should not be relied on to have done so.

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Your key contact for this project:

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COVID Lessons learned & controls - MCC - Final report

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6.13 INTERNAL AUDIT RECOMMENDATIONS TRACKING REPORT FOR NOVEMBER 2021

Author: Cheryl Santoro - Senior Administration Officer
Presenter: Cheryl Santoro - Senior Administration Officer

PURPOSE OF REPORT

To present the *Internal Audit Recommendation Tracking Report for November 2021* (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 13

Ms Gregory/Mr. Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and note the actions listed below.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Ms Santoro provided a summary of the Internal Audit Recommendations Tracking report for November 2021, stating there are currently 46 recommendations, of which 5 have been completed.

It was noted that status update comments responding to the recommendations in the Capital Projects Framework audit have been provided but incorrectly updated in the report. The oversight will be corrected in the next report.

Action:

That the following recommendations be actioned by Management:

- *Recommendation 2677 – review of Fraud & Corruption Plan and Fraud Risk Register to be corrected in the next report. be included into the Audit and Risk Committee's Annual Workplan*
- *Recommendation 2522 – update the management comment so that it addresses the Internal Auditor's recommendation.*

REPORT**1. Executive Summary**

An updated report on the status of recommendations emanating from Internal Audit reports is required to be presented to the Audit and Risk Committee pursuant to the *Annual Work Plan* for 2021.

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The Report is attached at **Appendix 1** for the Committee's information.

2. Background/Issues

Council's internal auditors conduct planned audits.

To track and report on these audits and the resultant reports, the recommendations accepted by Council, upon the Audit and Risk Committee's recommendation, are recorded in Council's Risk Register.

Each internal audit recommendation is assigned an Action Owner. It is the responsibility of the Action Owner to action and report on the progress of addressing the recommendation.

Attached to this report at **Appendix 1** is the *Internal Audit Recommendation Tracking Report for November 2021 (the Report)*. The Report provides an update on the implementation of actions emanating from the internal audits.

Recommendations shaded in green are those that have been completed since the last report to the Audit and Risk Committee.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Work Plan references:

23. Review progress by management on open audit recommendations

4. Financial Considerations

Nil.

5. Consultation/Public Submissions

Nil.

6. Risk Analysis

Recommendations from each internal audit are recorded in Council's Risk Register for the attention of the respective action owners. Not all recommendations are associated with risk although many are. Nevertheless, the risk register is considered the best place to store and track this information.

Each audit report sets out the main risk and any other risks in relation to the findings and recommendations.

7. Options

The Audit and Risk Committee can:

1. Recommend to Council that it note the report as per the recommendation.
2. Request further information if deemed necessary.

LIST OF APPENDICES

1. Internal Audit Recommendations Tracking Report for November 2021

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Risk ID	Audit Review Name	Internal Auditors Risk Rating	Risk Description	Current Control	Audit Recommendations	Action Owner	Date Created	Due Date	Revised Due Date	Progress	Date of Comment	Comment by	Management Comments
2682	Internal Audit of the Integrity Framework	High	Integrity framework policy and procedures do not reflect council's current operating environment and are past their due dates for next review.	Analysis of documents showed that Integrity framework policies and procedures are past their due date. The integrity related policies do not reflect council's current operating environment and are not fully aligned with better practice including recommendations made by IBAC and the Australian Standards for fraud and corruption controls.	Consider the approach to culture check in, noting that staff receive a large volume of surveys and this may not be appropriate mechanism. Conduct this check in and use it to inform risk and fraud actions defined in register and plans.	Nicole Misurelli	20-Aug-2021	31-Dec-2021	31-Dec-2021	.0%	20-Aug-2021	Cheryl Santoro	Management agree with the recommendation of considering the approach to culture check-in.
2681	Internal Audit of the Integrity Framework	Medium	Code of conduct is not reviewed and updated to provide improvements in content.	Code of conduct is not reviewed and updated to provide improvements in content. Furthermore, there is no defined approach for staff to acknowledge the code of conduct on a regular basis.	Review and refresh the code of conduct to provide improvements in content as outlined in the report and define the approach for staff to acknowledge on a regular basis.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	.0%	20-Aug-2021	Cheryl Santoro	Management agree with the recommendation and agree to review and refresh the code of conduct to provide improvements in content as outlined in the report and define the approach for staff to acknowledge on a regular basis.

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2680	Internal Audit of the Integrity Framework	Medium	Through document review it was determined that there is no risk appetite statement in place that provides clear statements on zero tolerance areas of behaviour, compliance and culture.	Through document review it was determined that there is no risk appetite statement in place that provides clear statements on zero tolerance areas of behaviour, compliance and culture.	Define and implement a risk appetite statement that defines zero tolerance areas.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	100.0%	09-Nov-2021	Ajay Ramdas	The first draft of the Risk Appetite Statement and Tolerance levels are defined. It has been reviewed and approved by the Executive Team (7 Oct), Internal Auditors (11 Oct) and the Risk Management Committee (9 Nov). Next Step: The Risk Appetite statement and Tolerance levels will be included in the Enterprise Risk Framework.
2679	Internal Audit of the Integrity Framework	High	The current code of conduct and conflict of interest document is outdated and not clear on its expectations of staff with regards to conflict of interest declaration and management.	There is no Contractor and supplier code of conduct to outline integrity expectations. There are no examples, checklists or guidance provided to assist and highlight the importance of conflict of interest management to staff and their obligations.	Review the conflict of interest and code of conducts to address the findings in this report and respond to past incidents; this includes policy, procedure, guidance, assurance controls, attestation, secondary employment and monitoring. Provide a workplan for the identified improvements and actions and capture this as part of the fraud and corruption plan for oversight and monitoring.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	20.0%	09-Nov-2021	Ajay Ramdas	The Gifts and Conflict of Interest Declaration Form developed and the Gifts and Conflict of Interest Register updated.

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2678	Internal Audit of the Integrity Framework		Executive risk committee meetings are not convened frequently to provide frequent oversight and monitoring of fraud risk management.	Executive risk committee meetings are not convened frequently to provide frequent oversight and monitoring of fraud risk management.	Convene the Executive risk management committee on a more frequent basis to reinstate the regular oversight and add the implementation of these recommendations as a standing agenda items to assure on resource, priority and delivery. Ensure the frequent tabling of the Fraud and Corruption plan and Fraud Risk register (extract of fraud risks from the risk system) for oversight of status of actions.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	100.0%	09-Nov-2021	Ajay Ramdas	Risk Management Committee reconvened in August. Frequency: Quarterly, ten days prior to the ARC. Dates of meetings in 2022 scheduled. Terms of Reference adopted by Exec. Risk Report presented to Exec on First Thursday of every month.
2677	Internal Audit of the Integrity Framework	Medium	The Charter requires the A&RC to review systems and processes to oversee compliance, review processes for communicating code of conduct to employees and contractors, monitor compliance with the code.	The current oversight processes for the fraud risk register are not clear, but there has been review by executive in the past.	Council should check in with Audit and Risk committee on changes and improvements needed to allow it to meet its charter obligations. Ensure the frequent tabling of the Fraud and Corruption plan and Fraud Risk register for oversight of status of actions.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	.0%	20-Aug-2021	Cheryl Santoro	The Audit & Risk Committee to advise Management on changes and improvements required to allow members to meet their Chartered obligations.

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2676	Internal Audit of the Integrity Framework		The current risk management framework is not comprehensive, comprising of policies, processes and clear accountabilities for risk management across the organisation and does not reflect the operational environment and best practices.	Risk management policy and framework were last updated in 2018 and do not reflect Council's current operational environment and best practice risk practices.	Develop a work plan to address the gaps in the risk management framework. Schedule and undertake an independent review of the risk management framework to provide assurance on compliance, a maturity assessment and work plan for continuous improvement and priority of work to improve the framework.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	20.0%	09-Nov-2021	Ajay Ramdas	Enterprise Risk Management Framework update in progress
2675	Internal Audit of the Integrity Framework	High	Fraud risk registers from Crowe is not aligned with Melton risk register. Furthermore, there is no defined process and approach to reporting on escalating and emerging risks.	There is no approach, process or reporting to facilitate for staff to report escalating and emerging risks and for these to be escalated and reported to facilitate assessment and mitigation. There is a standing agenda item on the Executive risk management committee but it is not clear how these risks are identified and tabled to this committee.	Align the fraud risk registers from Crowe with the Melton risk register to capture the outcomes from the risk workshops, align to best practice content and layout and fully comply with the Australian Risk management standard ISO 31000. Action all risk register improvement actions outlined in this report. This includes defining the process and approach for capture of emerging or escalating fraud risk.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	10.0%	09-Nov-2021	Ajay Ramdas	Awaiting quote from Nimblex to build the Fraud Risk Register

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2674	Internal Audit of the Integrity Framework	High	There is no current separate fraud risk register or reporting providing a comprehensive document of fraud and corruption risks.	Lack of ongoing fraud risk identification, evaluation, treatment and monitoring fraud risk may go undetected and untreated leading to increased risk of fraud and corruption event occurring at council which may result in significant property, financial and reputation loss.	Review, validate and update the council fraud and corruption risk registers leveraging the Crowe workshop output to improve the quality of the fraud risk identification, mitigation and monitoring of actions as outlined in the report.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	10.0%	09-Nov-2021	Ajay Ramdas	Awaiting quote from Nimblex to build the Fraud Risk Register
2673	Internal Audit of the Integrity Framework		Expectations, requirements and procedures for breach and incident reporting to address issues raised are not well defined.	There is no formalisation of the procedures and accountabilities for capturing, reporting, analysing and escalating all detected fraud and corruption incidents across the organisation.	Define the expectations, requirements and procedures for breach and incident reporting addressing the issues raised. Risk to oversight its delivery.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	.0%	20-Aug-2021	Cheryl Santoro	Management agree with the recommendation and agree to define the expectations, requirements and procedures for breach and incident reporting addressing issues raised.
2672	Internal Audit of the Integrity Framework	High	Key high risk contractors, suppliers, volunteers and key staff who require additional fraud awareness training are not currently identified.	The current annual fraud training plan caters to all staff regardless of their position. There is no additional fraud awareness training to key high risk contractors, suppliers, volunteers and other key staff who may require additional training relevant to inherent business area risks.	Identify those contractors, suppliers, volunteers and key staff who due to their positions require additional fraud awareness training and update the Plan to respond to this.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	30.0%	09-Nov-2021	Ajay Ramdas	Reviewing online training modules for Fraud and Corruption and Conflict of Interest. These modules will be included in the Induction pack and also made mandatory for all staff, contractors, suppliers and volunteers.

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2671	Internal Audit of the Integrity Framework	High	There is no detection and compliance controls framework in place that implements continuous monitoring and detection controls across all key fraud risk areas.	There is a short list of some monitoring controls documented in the fraud and control plan. However, it is not a comprehensive outline aligned to better practices that should include the design and implementation of continuous auditing, data mining, exception rules, and reporting and analysing of unusual trends and transactions on high-risk transactions and process information and data.	Develop and define the detection and compliance controls framework that implements continuous monitoring and detection controls across all key fraud risk areas.	Bradley Dosser	20-Aug-2021	30-Sep-2021	30-Sep-2021	0%	20-Aug-2021	Cheryl Santoro	Management agree with the recommendation and agree to address this as part of the review and update of the fraud and corruption plan.
2670	Internal Audit of the Integrity Framework	High	There is no resource to ensure there is priority, adequacy of resourcing and capability to deliver on the Councils fraud and corruption control framework.	There is currently no documented fraud control officer with well documented roles and accountabilities at the council that has responsibility for developing and implementing the Councils fraud and corruption control framework.	Review the adequacy and capacity of resourcing applied to fraud risk management and control plan, including the formal designation of the Fraud Control Officer.	Bradley Dosser	20-Aug-2021	30-Sep-2021	30-Sep-2021	100.0%	09-Nov-2021	Ajay Ramdas	Risk Officer appointed in August.
2669	Internal Audit of the Integrity Framework	High	The fraud and corruption plan is not reviewed and updated regularly to address the gaps. Furthermore, alignment with better practice elements provided are not considered.	There is an increased risk that fraud and corruption risks are not adequately identified and controls to minimise the risk of fraud and corruption are not implemented or effective.	Review and update the fraud and corruption plan to respond to the detailed fraud risk assessment, and align to the better practice elements of fraud and corruption plan. This includes updating the staff-training plan as recommended.	Bradley Dosser	20-Aug-2021	30-Sep-2021	30-Sep-2021	20.0%	09-Nov-2021	Ajay Ramdas	Reviewing online training modules for Fraud and Corruption and Conflict of Interest. These modules will be included in the Induction pack and also made mandatory for all staff, contractors, suppliers and volunteers.

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2668	Internal Audit of the Integrity Framework	High	There is no defined procedure for staff awareness and compliance including a read and understood process on their release and annually for those high risk rated integrity policy.	No clear process on how staff are regularly communicated on the integrity policy framework and reminded on the requirement to fully comply.	Define the procedure for staff awareness and compliance including a read and understood process on their release and annually for those high risk rated integrity policy.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	.0%	20-Aug-2021	Cheryl Santoro	Management agree with the recommendation and agree to define staff awareness and compliance procedures including a read and understood process on their release.
2667	Internal Audit of the Integrity Framework	High	Executive Risk Management Committee and Audit and Risk Committee are not aware of the status of the policy and procedure actions.	There is no clear process on how executive management is communicated on the implementation status of policy and procedure action.	Deliver a quarterly policy workplan update to the Executive Risk Management Committee and to future meetings of Audit and Risk Committee on the status of the policy and procedure actions.	Bradley Dosser	20-Aug-2021	31-Dec-2021	31-Dec-2021	100.0%	09-Nov-2021	Ajay Ramdas	Quarterly Report template developed and in place
2666	Internal Audit of the Integrity Framework	High	Integrity framework policy and procedures do not reflect council's current operating environment and are past their due dates for next review.	Analysis of documents showed that Integrity framework policies and procedures are past their due date. The integrity related policies do not reflect council's current operating environment and are not fully aligned with better practice including recommendations made by IBAC and the Australian Standards for fraud and corruption controls.	Update policies and procedures to address gaps outlined to reflect current and planned processes, meet best practice content and coverage requirements. Review the governance, priority, reporting and resourcing given to integrity policy and procedures.	Bradley Dosser	20-Aug-2021	30-Jun-2022	30-Jun-2022	30.0%	09-Nov-2021	Ajay Ramdas	Policy Review Team reviewing and updating all policies

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2665	Internal Audit of the Capital Projects Framework	High	Lessons learned are not captured and appropriately leveraged.	"There is a gap in prioritise and formalise the process to communicate experiences and lessons learned from their project to other relevant personnel or to some kind of repository, so that MCC may achieve continuous improvement in the efficiency and effectiveness of its project management. Close out processes were flagged as being inconsistently applied over last 18 months."	Implement requirement for lessons learned and their reporting to the governance committee as part of the close out process. Continue to monitor and learn from defects arising to inform future projects design, quality and monitoring processes. This has been completed, refer other mitigation action on the Lessons Learned Register.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	100.0%	10-Nov-2021	Cheryl Santoro	Lessons Learned Register has been updated including a business workflow process. This has been socialised with the PMF Review Group.
2664	Internal Audit of the Capital Projects Framework	High	No formal close out process is in place for the finalisation of a capital project.	The internal teams who are tasked with operationalising built assets are not always provided with appropriate handovers in order to allow them to complete their duties fully.	Deliver a close out process requiring sign offs. Including detail on outcome achievement, final actuals to budget, handover checklist, signoffs for maintenance, operations, safety and quality, procedure for defect management period and when defect liability period ends.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	30.0%	10-Nov-2021	Cheryl Santoro	There is a close out process as part of the PMF. Business process workflow) is being modified to reflect current procedures. This is captured in the PMF Business Process and Procedures Manual under consultation and due for finalisation by Executive in November 2021.

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2663	Internal Audit of the Capital Projects Framework	High	Handover procedures from a project to a operational / maintenance team are not defined.	The internal teams who are tasked with operationalising built assets are not always provided with appropriate handovers in order to allow them to complete their duties fully.	Define detailed handover procedure from a project to a team tasked with operationalising / maintaining the asset. A checklist should be made for the team operationalising / maintaining the asset to confirm that handover has occurred properly. Signatures required.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	10.0%	10-Nov-2021	Cheryl Santoro	Consultation and workshop to develop detailed business process and procedures are underway.
2662	Internal Audit of the Capital Projects Framework	High	The owner(s) of the defects phase of a capital project is not defined in capital project methodology.	"Oversight of a project for its entire lifecycle not consistently occurring in the current governance framework, issues were raised on the adequacy of oversight and monitoring of defects phase."	Define and confirm the owners of the defects phase of the projects as part of the project management methodology and in all project quality plans.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define the owner(s) of the defects phase of a capital project within internal capital project methodology.
2661	Internal Audit of the Capital Projects Framework	High	No effective value management plan or process is in place for capital projects.	Value management process is in place but not effective and not focused on value opportunities, with approach taken as cost cutting and eliminating deliverables that need to be later added back in.	Implement value management plan and process outlining how the outcomes will be achieved and aligned with MCC targets including financial, social, ethical, strategic and outcome goals.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to implement a value management plan and process.

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2660	Internal Audit of the Capital Projects Framework	High	Stakeholder engagement deliverables are not defined in project plans.	There is no inclusion in the stakeholder engagement plans on the engagement milestones.	Ensure the timelines are further defined and outlined in the project plan on stakeholder engagement deliverables, to recognise they are key dependency and assure on these being delivered at the right milestones during the project lifecycle.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to add stakeholder deliverables to further capital project plans.
2659	Internal Audit of the Capital Projects Framework	High	Formal end user engagement procedures are not documented for capital projects.	End user, owner and expertise participation was raised as stakeholders that could be better engaged throughout the project lifecycle with particular focus to planning and handover phases.	Document formal end user engagement procedures including the gates, rules and sign offs required. Operational owners to agree to these up front and be fully engaged throughout the project lifecycle.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to document and enforce formal end user engagement procedures for capital projects.
2658	Internal Audit of the Capital Projects Framework	High	In house experts are not being appropriately leveraged for capital projects.	End user, owner and expertise participation was raised as stakeholders that could be better engaged throughout the project lifecycle with particular focus to planning and handover phases. A number of interviews raised option for resourcing in early planning with in house experts to leverage their relevant knowledge and skills and set the project up for success.	Review approach to in house experts in the project lifecycle to ensure they are well leveraged and the project benefits from skill and experience before going to outsource suppliers.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to investigate better incorporating in house experts into the capital project lifecycle.

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2657	Internal Audit of the Capital Projects Framework	High	The tools available for the management and reporting of capital projects are not fit for purpose.	"The project management tools in place are currently recognised as not fit for purpose, often causing project managers to rely on excel spreadsheets to manage projects. Recognition that new workflow, automation and enabling tools are needed to drive efficiency and effectiveness across all capital project processes."	Conduct cost / benefit analysis of the value of resourcing project management tools and enablers for efficiency and effective monitoring of projects, balanced with the profile, volume and risk of the project activity over the short term horizon.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to investigate tools to enhance MCC's ability to monitor, report on and complete capital projects.
2656	Internal Audit of the Capital Projects Framework	High	Safety policies and procedures are not tailored for each capital project.	There is no defined requirement and formalised approach to safety by design, where safety is well considered and safety plan conducted as part of the planning of each asset. There is often ad hoc engagement with operational staff but not formal safety expertise signing off on design and other key milestones.	Safety policy and procedures should be tailored and defined for the capital project setting. A safety plan and risk assessment should be designed, implemented and maintained throughout the entire project lifecycle for all projects.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define and tailor safety policies and procedures for each capital project.

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2655	Internal Audit of the Capital Projects Framework	High	Safety requirements and procedures for contractors are not clearly dictated or enforced.	"It was reported that safety management and the facilitation of safety management plans is normally outsourced to contractors and there was concern that in some cases project managers may no longer monitor safety once a tender has been awarded and instead rely on the contractor."	All contractors should be trained and maintain currency on the incident and safety policy and procedure, the accountabilities and processes for incident, near miss and safety hazard reporting should be well defined for all participants in the MCC capital projects including all contractors.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to formalise and enforce safety standards for contractors.
2654	Internal Audit of the Capital Projects Framework	High	No safety by design principals are being utilised with regards to capital projects.	There is no defined requirement and formalised approach to safety by design, where safety is well considered and safety plan conducted as part of the planning of each asset. There is often ad hoc engagement with operational staff but not formal safety expertise signing off on design and other key milestones.	Definition and adoption of safety by design principles should occur, with any high risk assets in their potential impact on staff, clients and children having formal and expert engagement to document safety plans, sign off and regularly monitor	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to adopt safety by design principals for capital projects.
2653	Internal Audit of the Capital Projects Framework	High	No risk assessment, analysis, reporting tools and templates are in place to assist in the classification of risks.	Through document review it was determined that no risk assessment, analysis or reporting tools and templates were in place to assist in the classification of risks for capital projects.	Risk assessment, analysis, reporting tools and templates should be implemented. Risk registers to be maintained to evidence all key risks have been identified, analysed and mitigation activities undertaken. Escalation of risks high and above to be well defined for PWG and PCG.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to implement risk assessments, risk analysis, risk reporting tools and templates to facilitate.

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2652	Internal Audit of the Capital Projects Framework	High	No risk management framework is in place for capital projects.	It was advised that risks that arise are generally dealt with on a case by case basis, and are not documented or summarised as issues arising in the status report. Mitigations raised in planning not monitored and validated. Risk is not being used as a project management tool to identify emerging risks and escalating issues.	Design and implement capital project risk management framework. The framework should be aligned to MCC risk appetite statement and tiered in its application based on a project risk assessment. Risk assessments should inform all key phases of the project.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to design and implement a capital project risk management framework.
2651	Internal Audit of the Capital Projects Framework	High	Capital project risks are not always being classified appropriately.	Interviewees described the current approach to risk management as having a low level of maturity. Some participants described it as a 'tick the box exercise'. Approach is high level with risk listings and mitigations being included in the project reporting on ad hoc bases but no detailed risk appetite setting, risk analysis and detailed risk reporting. Project risk registers often have approximately 4 to 6 risks which are typically only focused on risks to delivery.	Employ a risk based project classification approach to align the resourcing allocation, project management methodology and oversight to focus on the right risks.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to employ a risk based project classification approach for capital projects.

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2650	Internal Audit of the Capital Projects Framework	Medium	The current contractor performance and compliance management framework is not fit for purpose.	"In instances where contractors have failed to deliver, with certain cases contractors are not held to account by PM (or contracted superintendents where applicable) or that fee penalties (if built into the contract) are not consistently executed on."	Uplift the the contractor performance and compliance management framework. Define the contract owner's role and accountabilities. Each project should have a contractor performance and compliance management plan. Review and approval processes to be incorporated.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to uplift the current contractor performance and compliance management framework.
2649	Internal Audit of the Capital Projects Framework	Medium	No contractor performance management plan in place.	"Supplier performance managed could be further enhanced with further consideration given to the contract clauses and specific risks and mitigations, including performance monitoring, quality assurance, safety management and compliance. PMs may require training and upskilling in contract management to understand the contracts and manage in a more robust and formal manner. Roles and accountabilities may also need further definition for clarity on performance management and compliance with the contracts."	Adopt a performance management plan to standardise how contractors and suppliers are engaged throughout the project lifecycle, define and agree what roles MCC is comfortable outsourcing to contractors and how contracts are to be referred to throughout the lifecycle of a project.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to adopt a performance management plan.

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2648	Internal Audit of the Capital Projects Framework	Medium	No capital projects policy framework in place.	"No capital projects policy framework exists. Furthermore participants consistently supported further formalisation of policy and procedure to guide on expectations and compliance requirements. The policy in place currently is aged and has not had regular review to ensure it is comprehensive, reflects the current risk appetite, lessons learned and aligns to current practices."	Develop and implement policy framework specific to capital projects.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to develop and implement a policy framework specific for capital projects.
2647	Internal Audit of the Capital Projects Framework	High	No change and variation management policy and procedure in place.	"Procedures for approval and escalation are not well communicated or defined fully to monitor and manage any changes to the project including project timeframes, project variations and changes to the statement of works. Most participants called for strong controls on scope changes including delegation policy that project owner must have an approval sign off. Concerns were flagged based on value criteria as cumulative impact of changes are where past cost and risks have been."	Define and implement policy and procedure for change and variation management including analysis and impacts to be fully considered, analysed and documented for timeframes, quality risks, statement of works, financials, deliverables and outcomes.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define and implement a change and variation management policy and procedure.

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2646	Internal Audit of the Capital Projects Framework	High	Capital project scoping requires consistency and standardisation.	Project scope template or control procedures for scope variation were not consistently developed. This is often defined in the business case document and variations approach left to the judgement of the PM.	Define and implement a scope template that is tiered on a project risk basis and approved and monitored, setting expectations and framework to enable identification of scope change.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define and implement a scope template.
2645	Internal Audit of the Capital Projects Framework	High	Capital project scoping processes require enhancement.	Projects are often not scoped with inputs from all appropriate specialists and examples provided where regulatory requirements to be missed in scoping. This leads to non-discretionary costs being added to projects after delivery has started.	Enhance the scoping process by including appropriate specialists in the design phase. Define this into the scoping process including when and how expert guidance over the regulatory compliance requirements are to be obtained.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to incorporate/leverage specialists & experts into the scoping phase.
2644	Internal Audit of the Capital Projects Framework	High	Approach for business case development requires enhancement.	Project scope template, or control procedures for scope variation were not consistently developed. This is often defined in the business case document and variations approach left to the judgement of the PM.	Review the approach to business case development, specifically to consider further investment, prioritisation and detail to capture the scope definition and delivery phases.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to enhance capital project business case development.
2643	Internal Audit of the Capital Projects Framework	High	Capital projects framework ownership requires definition.	Analysis of documentation showed that capital project roles and accountabilities are not clearly defined for the capital project framework.	Establish who holds the accountability for design, implementation, compliance and continuous improvement of the capital project framework.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to determine who has ownership over the capital project framework.

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2642	Internal Audit of the Capital Projects Framework	Medium	Role of the capital projects team not well understood.	There is a gap in communication and engagement plans in place to inform the organisation on roles and accountabilities.	Provide definition, communication and engagement plans to further assist all in understanding the role of the capital projects team – accountabilities, purpose and targets should be well defined and communicated.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define all roles and accountabilities of each capital projects team and to develop and implement this in communication plans.
2641	Internal Audit of the Capital Projects Framework	High	Capital project risk based management framework does not hold enough detail.	"Documentation review showed that the current approach to capital projects management is not clearly tiered or varied to focus on the right risks."	Define risk based capital project management framework. Classify projects into risk category. Tier the project management framework requirements based on risk categories. Define the requirements and provide guidance for each tier.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define a risk based capital project management framework.
2640	Internal Audit of the Capital Projects Framework	High	Approval, communication and escalation processes are not enforced.	Analysis of documentation showed that capital project escalation processes are not clearly defined. The risk management controls are in place but require tailoring to capital projects.	Define the approval, communication and escalation processes throughout the execution of capital projects. The design and implementation of a capital project risk consequence table is required to deliver this action.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	.0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to define the approval, communication and escalation processes throughout the execution of capital projects, and design and implement a capital project risk consequence table.

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2639	Internal Audit of the Capital Projects Framework	High	Role clarity and definition require improvement.	Analysis of documentation showed that capital projects roles and accountabilities are not clearly defined.	Provide role clarity and definition of accountabilities for the entire lifecycle of project for key project positions and governance forums – Roles and responsibilities matrix is recommended to be documented and communicated.	David Caligari	11-Jun-2021	30-Apr-2022	30-Apr-2022	0%	11-Jun-2021	Cheryl Santoro	Management agree with the recommendation and agree to provide role clarity, define accountabilities and develop a role and responsibility matrix.
2634	Road Management Plan Review	Medium	Road inspections and maintenance works had not been completed within the required timeframes	Data analytics revealed some instances where inspections had not been completed in accordance with the frequency stipulated in the Road Management Plan and maintenance works had not been completed within target resolution date.	Management should investigate the potential to introduce monthly data analytics or live dashboard reporting to identify non-compliances with the RMP in particular to road inspection times and road works response times.	Brendan Sell	03-Jul-2020	31-Dec-2020	31-Dec-2021	50.0%	27-Oct-21	Brendan Sell	PowerBI dashboard is in place in the interim whilst we implement a Maintenance Management System.
2522	Procurement October 2017	Medium	Absence of processes in place for the use of panel suppliers	There were no processes in place setting out requirements for the establishment and use of panel suppliers, nor was a centralised register of panels maintained.	Regular monitoring and reporting of panel spend should be undertaken., (Please note: Council do not have contract values for panel, but schedule of rates)	Donna Anderson	20-Oct-2017	31-Dec-2020	31-Mar-2022	28.8%	30-Aug-2021	Donna Anderson	Direct tender closed 24.08.21 and is the process of being evaluated by the panel. The contract should be awarded by late September and the contract commences in Mid October

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6.14 AUDIT AND RISK COMMITTEE INDUCTION PRESENTATION FOR NEW COUNCILLOR MEMBERS IN 2022

Author: Bradley Dosser - Manager Legal, Governance & Risk
Presenter: Bradley Dosser - Manager Legal, Governance & Risk

PURPOSE OF REPORT

To advise the Audit and Risk Committee that an action from the meeting of the Committee held on 8 September 2021 to create an Induction Program for Councillors who sit on the Committee is complete.

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed and approved the Induction Program for use by the Committee following the appointment of new Councillor's to serve on the Committee for the 2022 year at **Appendix 1** and that no further action is required.

Recommendation 14

Mr Tommasini/Ms Gregory

That the Council note that the Audit and Risk Committee reviewed and approved the Induction Program for use by the Committee following the appointment of new Councillor's to serve on the Committee for the 2022 year at **Appendix 1** and with a minor amendment listed below.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr Dosser informed the Committee that an Audit and Risk Committee Induction program for new Councillor's to serve on the Committee has been completed after liaison with the Chairperson.

Action:

That "Audit" be included as a desired skill/background within the section titled 'Composition of Audit and Risk Committee'.

REPORT**1. Executive Summary**

At the 8 September 2021 meeting of the Audit and Risk Committee the need for an Induction program for Councillors who sit on this Committee was discussed and an Action was minuted "*That the Chairperson and Manager of Legal, Governance and Risk produce an Induction program to address this matter*".

2. Background/Issues

Pursuant to the Terms of Reference of the Audit and Risk Committee two (2) Councillors sit on the Committee.

Each year following the election of a new Mayor and Deputy Mayor at its Statutory Meeting in early November the Council revisits Councillor representation on Committees.

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As a consequence, each year two new Councillors are likely to replace the existing Councillor members on the Committee.

At the 8 September 2021 meeting of the Committee the need for an Induction program for Councillors who sit on this Committee was discussed and it was agreed as an Action *“That the Chairperson and Manager of Legal, Governance and Risk produce an Induction program to address this matter”*.

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

38. Committee member induction

4. Financial Considerations

Not Applicable

5. Consultation/Public Submissions

The Induction Program attached at **Appendix 1** was prepared following consultation and discussion between the Chair of the Audit and Risk Committee, Mr Robert Tomassini, and Council's Manager Legal, Governance and Risk, Mr Bradley Dosser.

6. Risk Analysis

Not Applicable

7. Options

That the Audit and Risk Committee:

1. Note and approve the Induction Program at **Appendix 1** to this Report; or
2. Require amendments to the Induction Program if deemed necessary.

LIST OF APPENDICES

1. Audit and Risk Committee Induction Presentation For New Councillor Members in 2022

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Audit & Risk Committee Member Induction

Presented by Bradley Dosser

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Overview



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What is the Audit & Risk Committee?

- An advisory committee to Council;
 - Per s53(2) of the Act the A&R Committee is not a delegated committee.
- Established by sections 53 and 54 of the Local Government Act 2020 (the Act)
- Governed by its Audit and Risk Charter.
 - A&R Committee must establish its own Charter (s54(1)) and this will specify the functions of the Committee (s54(2))

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Functions of A&R Committee

The A&R Committee must monitor:

- The compliance of Council Policies and Procedures with:
 - > The overarching governance principles set out in s9 of the Act;
 - > The Act, the regulations and any Ministerial directions;
- Council's financial and performance reporting;
- And provide advice on risk management and fraud prevention systems and controls;
- Oversee internal and external audit functions.

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Functions of A&R Committee continued

The A&R Committee must:

- Adopt an annual work program;
- Undertake an annual assessment ;
- And provide advice on risk management and fraud prevention systems and controls;
- Oversee internal and external audit functions.

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Functions of A&R Committee continued

The A&R Committee must also:

- Undertake an annual assessment of its performance against the Charter
 - > It must share that assessment with the CEO for tabling at the next Council meeting;
- Prepare a biannual A&R report that:
 - > Describes the activities of the committee; and
 - > Includes its findings and recommendations.

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Composition of A&R Committee

The A&R Committee must:

- Include members who are Councillors
- Consist of a majority of members who are not Councillors and who collectively have;
 - > Expertise in financial management and risk; and
 - > Experience in public sector management.

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Composition of A&R Committee continued

- The Committee shall not include any person who is a member of Council staff.
- The Chair of the Committee must not be a Councillor
- Independent members of the Committee may be paid a fee;

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Composition of A&R Committee continued

Currently the Melton City Council A&R Committee:

- Has 2 Councillor members;
- Has 3 independent members;
- Is chaired by Robert Tomassini, an independent member.

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Overarching Governance Principles

The overarching governance principles set out by s9(2) of the Act include:

- Council decisions are to be made and actions taken in accordance with the relevant law;
- Priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- The economic, social, and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
- The municipal community is to be engaged in the strategic planning and strategic decision making;

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Overarching Governance Principles continued

- Innovation and continuous improvement is to be pursued;
- Collaboration with other Councils and Governments and statutory bodies is to be sought;
- The ongoing financial viability of the Council is to be ensured;
- Regional, State, and National plans and policies are to be taken into account in strategic planning and decision making;
- The transparency of Council decisions is to be ensured.

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Section 53(5)- Integrity, Confidentiality and Conflict of Interest Applying to Committee Members

Section 53(5) of the Act extends the application of the provisions of:

- s123 of the Act, relating to misuse of position; and
- s125 of the Act, relating to confidentiality; and
- Division 2 of Part 6 of the Act, relating to conflict of interest;

to the independent members of the Committee (as if they were members of a delegated committee).

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Section 123 of the Act- Misuse of Position

As amended by the operation of s53(5) of the Act, s 123 operates to ensure the members of the A&R Committee do not intentionally misuse their positions:

- To gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or
- Cause or attempt to cause detriment to the Council or another person.

To do so is an indictable offence punishable by either a fine of 600 penalty units (or \$109,044) or 5 years imprisonment.

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Section 123 of the Act- Misuse of Position continued

According to s123(3) a misuse of a position in respect to the Committee includes:

- Making improper use of information acquired as a result a position on the Committee;
- Disclosing confidential information;
- Directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff;

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Section 123 of the Act- Misuse of Position continued

- Exercising or performing, or purporting to exercise or perform, a power, duty or function that the person is not authorised to exercise or perform;
- Using public funds or resources in a manner that is improper or unauthorised;
- Participating in a decision on a matter in which the person has a conflict of interest.

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Section 125 of the Act- Confidentiality

- Committee members must not:
 - intentionally or recklessly;
 - disclose information that they:
 - > know, or
 - > should reasonably know,
 - > is confidential information.
- To do so is an offence punishable by a fine of 120 penalty units (or \$21,808.80).

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Section 125 of the Act- Confidentiality

- Confidential information can be disclosed by a Committee member without being in breach of the Act under s125(3) when it is:
 - For the purpose of legal proceedings arising out of the Act;
 - To a court or tribunal in the course of legal proceedings;
 - Pursuant to an order of a court or tribunal;
 - In the course of a Councillor Code of Conduct hearing;
 - To a Municipal Monitor;
 - To the Chief Municipal Inspector;
 - To a Commission of Inquiry under the Act;
 - To a law enforcement agency.

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Division 2, Part 6 of the Act- Conflict of Interest

- The conflict of interest provisions apply to a 'relevant person'.
- As amended by the operation of s53(5) of the Act, this also includes a member of the Committee.
- Relevant Persons must ensure their private interests are not affecting their public duties and that they are not using their positions for personal benefit.

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Appendix 1 Audit and Risk Committee Induction Presentation For New Councillor Members in 2022

Division 2, Part 6 of the Act- Conflict of Interest continued

The Act sets out two types of Conflicts of Interest:

- Per s127: A General Conflict of Interest; and
- Per s128: A Material Conflict of Interest.

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Appendix 1 Audit and Risk Committee Induction Presentation For New Councillor Members in 2022

Division 2, Part 6 of the Act- Conflict of Interest continued

Per s127, a General Conflict of Interest:

- Is less specific and direct than a material conflict of interest.
- Arises where “an impartial, fair minded, person would consider that the person’s private interests could result in that person acting in a manner that is contrary to their public duty”.
- Critical considerations include:
 - The private interest;
 - The public duty
 - What an impartial, fair minded person would consider.

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Division 2, Part 6 of the Act- Conflict of Interest continued

Per s128, a Material Conflict of Interest:

- Involves specific relationships or situations that could result in benefit or loss.
- A relevant person has a material conflict when “an affected person would gain a benefit or suffer a loss depending on the outcome of the matter”.
- Critical considerations include:
 - Affected person
 - Benefit or loss.

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Division 2, Part 6 of the Act- Conflict of Interest continued

- Pursuant to s129, certain exemptions exist.
- If any apply it is taken that no conflict of interest arises.
- These include:
 - Remoteness / insignificant;
 - Interest in common;
 - No knowledge;
 - Council Representative;
 - Family memberships;
 - Advocacy organisations;
 - Prescribed exempted Council decisions and circumstances.

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Division 2, Part 6 of the Act- Conflict of Interest continued

Per s128, a Material Conflict of Interest:

- Involves specific relationships or situations that could result in benefit or loss.
- A relevant person has a material conflict when “an affected person would gain a benefit or suffer a loss depending on the outcome of the matter”.
- Critical considerations include:
 - Affected person
 - Benefit or loss.

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Division 2, Part 6 of the Act- Conflict of Interest continued

Committee members must address potential conflicts of interest in:

- Any meeting in which a conflict of interest arises on their part;
- By declaring their conflict of interest in response to the allotted item in the agenda before the substantive business of the Committee commences at the meeting in question.

A failure to do so is a breach of s123 of the Act, relating to misuse of position, as indicated previously.

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A walk through of Key Audit and Risk Committee Documents

<Drafting Note: Presenter to take Attendees through examples from past A&RC Meetings>

- Audit and Risk Committee Schedule of Meetings 2022
- Terms of Reference
- Melton City Council Governance Rules
- Audit and Risk Committee Annual Work Program
- Annual Assessment of the Audit and Risk Committee
- Sample Agenda
- Sample Minutes
- Sample Report re Internal Audit functions
- Sample Report re External Audit functions
- Audit and Risk Committee Annual Work Program Tracking Report

<Drafting note: Sample documents to be selected in consultation with Chair of Audit and Risk Committee>

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Questions



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6.15 LOCAL GOVERNMENT ACT 2020 IMPLEMENTATION

Author: Bradley Dosser - Manager Legal, Governance & Risk
Presenter: Bradley Dosser - Manager Legal, Governance & Risk

PURPOSE OF REPORT

To update the Audit and Risk Committee on the implementation of the *Local Government Act 2020*

RECOMMENDATION:

That Council notes that the Committee have reviewed the report and that no further action is required.

Recommendation 15

Ms Gregory/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the report and note the action listed below.

CARRIED

AUDIT & RISK COMMITTEE DISCUSSION POINTS

Mr Dosser informed the Committee that the Local Government Act 2020 Implementation is on track and programmed to be completed within the set timeframes.

Action:

That a report on the completed Local Government Act 2020 Implementation program be tabled at the next Audit and Risk Committee, and then deleted from the Annual Workplan.

REPORT**1. Executive Summary**

The Local Government Act 2020 (the 2020 Act) commenced operation on 6 April 2020.

The provisions of 2020 Act become operational in stages.

Stage 1 - 6 April 2020

Stage 2 - 1 May 2020

Stage 3 - 24 October 2020

Stage 4 - 1 July 2021

Policies and other documents required by stage 3 have now all been met

Policies and other documents required (either new or revised) pursuant to stage 4 are summarised in the diagram further below, all of which are programmed to be completed within the timeframes set out in the Act.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021

2. Background/Issues

The Local Government Act 2020 commenced operation on 6 April 2020 (the 2020 Act).

The provisions of 2020 Act become operational in stages.

Stage 1 - 6 April 2020

Stage 2 - 1 May 2020

Stage 3 - 24 October 2020

Stage 4 - 1 July 2021

Stage 1

No new policies or documents were required to be created pursuant to Stage 1.

Stage 2

Stage 2 implementation included the following:

- Delegations (changed requirements);
- Governance Rules (new requirement);
- Audit and Risk Committee (changed requirements - establishment and establishment of new Charter);
- Delegated Committee (changed requirements from special committees);
- Public Transparency Policy (new requirements);
- Community Engagement Policy (new requirements however Council had existing).

Policies and other documents required by stage 2 have all now been met.

Stages 3

Stage 3 implementation included the following:

- Councillor Code of Conduct - adopted by Council on 8 February 2021
- Councillor Gift Policy - adopted by Council on 15 March 2021.
- Mayoral & Councillor Allowances - adopted by Council on 15 March 2021.

The Council's Community Vision: 'Melton City – The City We Create' was adopted at the 28 June 2021 Council meeting.

Also adopted at this meeting was the Council Budget and the Revenue & Rating Plan.

Policies and other documents required by stage 3 have all now been met.

Stage 4

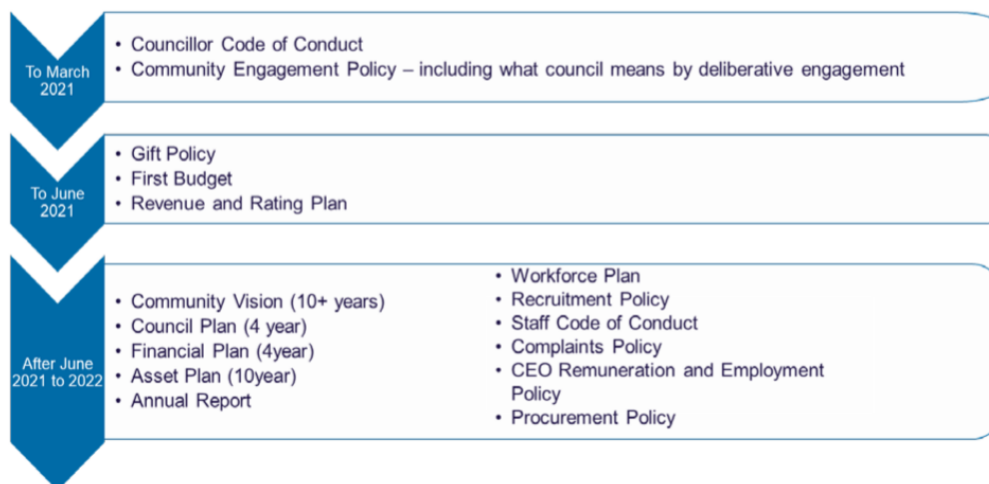
Policies and other documents required (either new or revised) pursuant to stage 4 are summarised in the following diagram and are the subject of other Reports in this meeting in further detail, all of which are programmed to be completed within the timeframes set out in the Act.

Work on the Council Plan, the Financial; Plan, the Asset Plan, the Workforce Plan and Recruitment Policy are all either well under way or complete as are a review of Council Delegations.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Timeline for Council Priorities (from the 2020 Act) after the elections

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

41. Local Government Act 2020 Implementation

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

All new policies and documents that are required to include input from the community have and will include that input. For example, the Governance Rules were publicly advertised with feedback from the community sought.

Also, the Community Engagement Policy was drafted with input from the Community.

The Councillor Code of Conduct, on the other hand, is a document made by Councillors for Councillors and thus no community consultation was conducted.

Mayoral & Councillor Allowances were adopted on 15 March 2021 after the required public submission process was concluded.

The Council Vision was adopted after a community panel provided significant input and then publicly advertised to seek further feedback.

The Council Budget was adopted after being publicly advertised and submissions received and considered by the Council's Section 223 Submissions Advisory Committee.

The Revenue and Rating Plan was adopted after a draft was made available for public inspection and also through a community engagement process employing a targeted online survey.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING**17 NOVEMBER 2021**

6. Risk Analysis

Broadly speaking, on compliance with the Act risks reputational damage because of or in addition to an adverse finding by an oversight body.

The Act also contains various consequences for non-compliance which, depending upon the circumstances, may include, prosecution for an offence, misconduct, serious misconduct and gross misconduct.

7. Options

That Council may seek further information from the officer on the Act's implementation.

LIST OF APPENDICES

Nil.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.16 REVIEW OF INTERNAL CONTROL ENVIRONMENT - ANNUAL REPORT ON KEY SYSTEMS AND CONTROLS

Author: Bradley Dosser - Manager Legal, Governance & Risk
Presenter: Bradley Dosser - Manager Legal, Governance & Risk

PURPOSE OF REPORT

To provide an annual report to the Audit and Risk Committee on key systems and controls, any changes with same and any testing for compliance.

RECOMMENDATION:

That Council note that the Audit and Risk Committee has reviewed the report and that no further action is required.

Recommendation 16

Ms Gregory/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the report and that no further action is required.

CARRIED

REPORT**1. Executive Summary**

The Audit and Risk Committee Annual Work Plan for 2021 at Item 11 requires an annual report on key systems and controls, any changes with same and any testing for compliance.

This Internal Control Environment Work Plan requirement comes from the Audit and Risk Committee Charter; refer to Section D, Items 2, 3, and 4 of the Charter.

Council's key tool for managing legislative compliance is the system and tools provided by Reliansys software. The Reliansys compliance module offers a cloud based compliance management solution.

Reliansys handles legislative obligations under the *Local Government Act 1989*, the *Local Government Act 2020* and associated Regulations, the *Infringements Act 2006* and associated Regulations and Child Safe Standards. Obligations are assigned to a responsible officer for acknowledgement and a prompt to complete.

The Council has a second system for other legislation affected Victorian local government. Each quarter the Governance unit sends out a report advising each General Manager of the list of legislation (if any) in his/her directorate that has changed since the last quarterly report

General Managers acknowledge this information and disseminates the information to appropriate Council officers.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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2. Background/Issues

The Audit and Risk Committee Charter sets out the Committee's functions and responsibilities, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Section 10 of the Charter sets out the Committee's Duties and Responsibilities.

In regards to the Council's Internal Control Environment it says the committee will:

D. Internal Control Environment

1. *Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a three to four year period;*
2. *Determine whether systems and controls are reviewed regularly and updated where required;*
3. *Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;*
4. *Ensure that a programme is in place to test compliance with systems and controls;*
5. *Assess whether the control environment is consistent with Council's Governance Principles.*

This report responds to items 2, 3 and 4 outlined above and meets the requirement of Item 11 in the Annual Work Plan for 2021.

Council's key tool for managing legislative compliance is the system and tools provided by Reliansys software. The Reliansys compliance module offers a cloud based compliance management solution.

Reliansys handles legislative obligations under the *Local Government Act 1989*, the *Local Government Act 2020* and associated Regulations, the *Infringements Act 2006* and associated Regulations and Child Safe Standards. Obligations are assigned to a responsible officer for acknowledgement and a prompt to complete.

The compliance module of Reliansys has a dashboard feature for overall monitoring of compliance action. It meets the ISO 19600 Compliance Management Systems Standard.

The use of the Reliansys compliance module features is slowly increasing. The next stage of roll-out is for officers to receive automated email reminders and an escalation email to be sent if a compliance obligation is overdue.

A large proportion of the obligations held in the Reliansys system are tagged as "Awareness" obligations. This means that there is not a specific action required by officers other than reading and noting the obligation. In this way, it refreshes an officer of his/her legislative responsibilities.

The second system that Council has for managing legislative compliance is for other legislation affected Victorian local government.

Each quarter the Governance unit sends out a report advising each General Manager and Executive Manager of the list of legislation (if any) in his/her directorate that has changed since the last quarterly report.

General Managers acknowledge this information and disseminates the information to appropriate Council officers.

This is a manual system – compared to the comprehensive system offered by Reliansys - and relies on officers to note changes in legislation that affects their area of operation.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

11. Annual report on key systems and controls, any changes with same and any testing for compliance

4. Financial Considerations

There are no financial considerations in relation to this report.

5. Consultation/Public Submissions

No consultation was required in the preparation of this report.

6. Risk Analysis

The use of the Reliansys compliance module for key local government legislation - *Local Government Act 1989*, the *Local Government Act 2020* and associated Regulations, the *Infringements Act 2006* and associated Regulations and Child Safe Standards – is an effective tool for managing the risk of incurring a legislative breach.

It supports staff by providing a system to remind and prompt them of their respective legislative compliance obligations.

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report and take no further action as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

Nil.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.17 REVIEW OF INTERNAL CONTROL ENVIRONMENT - COUNCIL POLICIES FOR 2021/2022

Author: Bradley Dosser - Manager Legal, Governance & Risk
Presenter: Bradley Dosser - Manager Legal, Governance & Risk

PURPOSE OF REPORT

To update the Audit and Risk Committee on the review of the Internal Control Environment – Council Policies for 2021.

RECOMMENDATION:

That Council notes that the Audit and Risk Committee reviewed the report and that no further action is required (other than the action outlined in the report).

Recommendation 17

Ms Gregory/Cr Kesic

That the Council note that the Audit and Risk Committee reviewed the report and that no further action is required (other than the action outlined in the report).

CARRIED

REPORT**1. Executive Summary**

The approved Audit and Risk Committee Annual Work Plan for 2021 is a synthesis of the requirements of the Audit and Risk Committee Charter and the requirements of the Local Government Act 2020. Included in the Annual Work Plan is a rolling four year plan for review of the Internal Control Environment, Council Policies.

The policies due for review by the Committee are set out below. All policies are either up to date or in the process of being updated with the exception of the Staff Gift Policy which, pursuant to the Local Government Act 2020, must be included in the new Staff Code of Conduct and the Governance Charter, which cannot be reviewed until the Council Plan has been adopted.

2. Background/Issues

It is a requirement of section 5 of the Audit and Risk Committee Charter and section 54(3) of the *Local Government Act 2020*, to develop and adopt an Annual Work Plan, which was approved by Council at its Ordinary meeting on 21 December 2020. The Annual Work Plan was developed using the template provided by Local Government Victoria and includes a rolling four year plan for review of the Internal Control Environment, Council Policies. Policies are an effective internal control to mitigate risk. Some policies are required by legislation.

The following items within the four year plan for review for 2021 are listed in the table below. Some of the policies are organisational and are thus approved by Executive, whilst others are adopted by Council by resolution. Different levels of consultation apply depending upon the type of policy including internal consultation and external consultation.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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Policy	Review Due	Comments	Main risks mitigated against
Delegations of Authority	Within 12 months of an election.	<u>Up to date.</u> Made pursuant to statute. Tabled at the 30 August 2021 Council meeting for approval. Adopted by Council.	Officers acting ultra vires (without power).
Privacy Policy	July 2023	<u>Up to date.</u> Required by statute. Amended policy approved by Executive, Policy Review Panel on 29 July 2021 and adopted by Council on 30 August 2021.	Breach of <i>Privacy and Data Protection Act 2014</i> and Privacy Principles. Privacy complaints.
Child Safe Policy	March 2026	<u>Up to date</u> Required by statute. Approved by Executive on 1 April 2021, Policy Review Panel on 18 May 2021 and adopted by Council on 7 June 2021. Current Internal Audit underway / imminently about to close regard further updates to Child Safe Standards and Procedures.	Child abuse and lack of appropriate response to child abuse.
Public Interest Disclosure Procedure	May 2023	<u>Up to date.</u> Required by Statute Public Interest Disclosure Procedure reviewed by Executive on 28 May 2020.	Fraud, corruption, improper conduct and reprisals against those who report this.
Governance Charter	June 2020	<u>Yet to Commence</u> Unable to be updated at this time. Not required by statute. Been held in abeyance	

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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		until new Council Plan which was passed by Council only on 2 August 2021.	
Governance Rules	Not Applicable	<u>Up to date.</u> Required by Statute. Professionally drafted by Maddocks Lawyers. Governance Rules reviewed and adopted by Council on 3 August 2020.	
Gifts Policy (Staff)	September 2018	<u>Work In Progress</u> Due under new Local Government Act 2020 on 31 December 2021. Required by statute. The <i>Local Government Act 2020</i> deems that the Staff Gift Policy be part of the Staff Code of Conduct. Will be largely the same approach as the one taken in relation to Councillors. Modified Gift Declaration Form for Staff complete and approved by Executive in November 2021. Completed policy is scheduled to be tabled at the December 2021 Council meeting for approval as a part of the Staff Code of Conduct.	
Gifts Policy (Councillors)	February 2025	<u>Up to date.</u> Required by Statute. Gift Policy (Councillors) reviewed and adopted 15/3/2021.	

3. Audit and Risk Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING**17 NOVEMBER 2021**

10. Review the adequacy and effectiveness of key policies, systems and controls and their consistency with Local Government Principles.- Refer attached plan

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

All new policies and documents that are required to include input from the Community have and will include that input. For example, the Governance Rules were publically advertised with feedback from the community sought.

6. Risk Analysis

The risks associated with the policies under review are set out in the table above.

7. Options

That the Audit and Risk Committee may:

1. Seek further information regarding this report
2. Note this report and the planned actions as set out in the report and recommend Council take no further action.

LIST OF APPENDICES

Nil.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6.18 ANNUAL WORK PLAN FOR 2022 FOR AUDIT & RISK COMMITTEE**Author: Cheryl Santoro - Senior Administration Officer****Presenter: Bradley Dosser - Manager Legal, Governance & Risk****PURPOSE OF REPORT**

To present the Audit and Risk Committee Annual Work Plan for 2022 for approval.

RECOMMENDATION:

That Council approves the Annual Work Plan for 2022 for the Audit and Risk Committee set out at **Appendix 1** and no further action is required.

Recommendation 18

Mr Tommasini/Cr Kesic

That the Council approves the Annual Work Plan for 2022 for the Audit and Risk Committee set out at **Appendix 1** and no further action is required.

CARRIED

REPORT**1. Executive Summary**

The Annual Work Plan 2022 for the Audit and Risk Committee is attached at **Appendix 1**.

It is a synthesis of the requirements of the Audit and Risk Committee Charter and the requirements of the *Local Government Act 2020* and with reference to the Internal Audit Contract (the term and the Service Level Performance Measures).

Included in the Annual Work Plan is a rolling four year plan for review of the Internal Control Environment, Council Policies.

In addition to the Annual Work Plan 2022, which outlines reports and matters to be presented to the Committee for its advice, it is noted that the Committee itself is required to produce two reports for presentation to the CEO and then Council.

2. Background/Issues

The Audit and Risk Committee Charter (the Charter), adopted by Council on 31 August 2020, sets out the Committee's functions and responsibilities, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Section 5 of the Charter requires an annual work plan to be developed and agreed to by the members and recommended to Council annually for its adoption.

The Annual Work Plan for 2022 at **Appendix 1**, is a synthesis of the Charter and the Act, and taking into account the Internal Audit Contract (term and Service Level Performance Measures).

Included in the Annual Work Plan is a rolling four year plan for review of the Internal Control Environment, Council Policies.

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3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

37. A&RC Charter

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

There is no consultation associated with this report.

6. Risk Analysis

If Council does not approve the 2022 Annual Work Plan for the Audit and Risk Committee, it will be in breach of the *Local Government Act 2020* and its own Charter.

7. Options

The Committee can

1. Accept the officers recommended motion for Council to approve the Annual Work Plan as attached at **Appendix 1**.

2. Make changes to the Annual Work Plan at **Appendix 1** for 2022 (and then recommend Council approval).

LIST OF APPENDICES

1. Audit & Risk Committee Annual Work Plan including Rolling Four Year Plan for 2022

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Item 6.18 Annual Work Plan for 2022 for Audit & Risk Committee

Appendix 1 Audit & Risk Committee Annual Work Plan including Rolling Four Year Plan for 2022

Melton City Council Audit & Risk Committee Annual Work Plan for 2022										
No	Charter Requirement	Charter Ref	Timing	Feb	May	Aug	Sep	Nov	Officer	
Financial & Performance Reporting										
1	Review changes in significant accounting policies and disclosures	10.A.2	As Required							FM
2	Review Local Government Performance Reporting Framework changes	10.C.2	Annually			✓				LGM
3	Review outcomes of audit, annual financial report and annual performance statement	10.C.3&4 &10.A.2&3	Annually				✓			FM
4	Recommend adoption of annual financial report and performance report	10.C.7	Annually				✓			FM
5	Review Quarterly Financial Management Reports	10.C.1&3	Quarterly	✓	✓		✓	✓		FM
6	Quarterly Investment Holdings Report	10.C.1	Quarterly	✓	✓	✓	✓	✓		FM
7	End of Year Capital Expenditure Report	10.C.1	Annually						✓	CPM
8	Draft Budget	10.C.1	Annually		✓					FM
9	Long Term Financial Plan	10.C.1	Annually			✓				FM
Internal Control Environment										
10	Review the adequacy and effectiveness of key policies, systems and controls and their consistency with Local Government Principles. - Refer attached plan	10.D.1&5 10.F.1	Half Yearly			✓			✓	Various Managers
11	Annual report on key systems and controls, any changes with same and any testing for compliance	10.D.2, 3 & 4	Annually			✓				LGM
Risk Management										
12	Review status report of the risk register and actions being taken to manage identified strategic risks; ensure material risks are being dealt with appropriately	10.E.1-4	Annually				✓			LGM
13	Review progress of any significant legal matters/proceedings facing Council	10.E.6 & 10.C.6	Quarterly	✓	✓	✓	✓	✓		LGM
14	Review Council's insurance programme	10.E.5	Annually			✓				FM
15	Review BCP framework and testing regime	10.E.7	Annually			✓				OM
Fraud Prevention Systems & Controls										
16	Review Council's fraud and corruption plan including in relation to financial and non-financial controls	10.F.4 & 5	Annually			✓				LGM
17	Review reports of any subsequent investigation including suspected cases of fraud and reports to integrity bodies	10.F.3&6	As Required							LGM
Internal Audit										
18	Review and approve 3 year and annual internal audit plans	10.B.2,3&1	Annually						✓	LGM
19	Review status of delivery of annual internal audit plan	10.B.6	Quarterly			✓	✓		✓	LGM
20	Review scopes of proposed internal audit reviews	10.B.4 & 1	Quarterly	✓	✓	✓	✓	✓	✓	LGM
21	Review reports on internal audit reviews	10.B.5	Quarterly			✓	✓	✓	✓	LGM
22	Meet with internal auditor in the absence of management	10.B.9&10	Quarterly	✓	✓	✓	✓	✓	✓	ARC
23	Review progress by management on open audit recommendations	10.B.5	Quarterly	✓	✓	✓	✓		✓	LGM
24	Review effectiveness of the internal audit function - achievement of Service Levels Performance Measures outlined in the Contract (commencing in 2nd year of any contract)	10.B.11	Annually (comm 2nd year)							LGM
25	Chairperson involvement in appointment of internal audit service provider	10.B.12 & 7	As Required							
External Audit										
26	Review and approve external audit scope and plan	10.A.1	Annually	✓						FM
27	Discuss any audit issues encountered during the course of the audit	10.A.4	Annually				✓			ARC
28	Review report on management responses to any audit findings and ensure appropriate and timely	10.A.5	Annually			✓				FM
29	Review performance of external auditor	10.A.8	Annually					✓		ARC
30	Meet with external auditor in absence of management	10.A.6	Annually					✓		ARC
Compliance Management										
31	Review systems and processes to monitor compliance with legislation and regulations and management follow up of instances of non compliance	10.G.1	Annually						✓	LGM
32	Review processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance	10.G.2	Annually			✓				LGM & PCM
33	Review Reports/Registers for Gifts, Benefits, Hospitality and Entertainment for Councillors and staff including Councillor reimbursement pursuant to Policy and s4(2) of the Act	10.D.4	Annually						✓	FM & LGM
34	Consider reports by regulatory and integrity agencies on investigations and relevance for Council (eg. VAGO/Ombudsman/BAC/Local Govt. Inspectorate)	10.G.4	Quarterly	✓	✓	✓	✓		✓	LGM
Reporting to Council										
35	Provide Minutes to Council	9	Every Meeting	✓	✓	✓	✓	✓	✓	L&GM
Performance Evaluation										
36	Assessment of Committee performance	6	Annually				✓			ARC L& GM
Review of Charter										
37	Review of Audit & Risk Committee Charter	11	Biennially (seven years)				✓			LGM
Other Matters										
38	Committee member induction		As Required							LGM
39	Appointment of Chairperson	3	Annually	✓						ARC
40	Consider other matters referred by Council		As Required							CEO
41	Local Government Act 2020 Implementation		Quarterly	✓	✓	✓	✓	✓	✓	LGM
Meeting Schedule										
42	Set Committee meeting schedule	5	Annually						✓	LGM

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.18 Annual Work Plan for 2022 for Audit & Risk Committee

Appendix 1 Audit & Risk Committee Annual Work Plan including Rolling Four Year Plan for 2022

Additional Reports - A&RC Reports									
(i) The Chairperson will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum.	9								
One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.	9								
This report will need to be provided to the CEO with the approved minutes of the September meeting for presentation to Council at its meeting on 27 September 2021							✓		
The second report is suggested to be in May. To be provided upon approval of the minutes to be included in the Council report for the Meeting to be held on 7 June 2021					✓				

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.18 Annual Work Plan for 2022 for Audit & Risk Committee

Appendix 1 Audit & Risk Committee Annual Work Plan including Rolling Four Year Plan for 2022

Review of Internal Control Environment - Rolling Four Year Plan				
Item to be Reviewed	2021	2022	2023	2024
Governance				
Delegations of Authority	✓			
Privacy Policy	✓			
Child Safe Policy	✓			
Public Interest Disclosure Procedure	✓			
Governance Charter	✓			
Governance Rules	✓			
Gifts Policy (staff) & Gifts Policy (Councillors)	✓			
Human Resource Management				
Code of Conduct (Employee)		✓		
Recruitment & Selection Policy/Procedure		✓		
Performance Development Policy/Procedure		✓		
Employee Assistance Programme Procedure		✓		
Disciplinary Policy/Procedures		✓		
Occupational Health & Safety Policy		✓		
Finance & Accounting				
Investment of Council Funds Policy			✓	
Asset Valuation & Revaluation Policy			✓	
Procurement Policy/Procedure			✓	
Credit Card Policy and Procedure (staff and Councillors)			✓	
Motor Vehicle Policy/ Procedure			✓	
Councillors & Delegated Committee Members' Resources & Expenses Policy			✓	
Financial Assistance (Rates & Charges) Policy			✓	
Risk Management				
Enterprise Risk Management Policy				✓
Enterprise Risk Management Framework				✓
Fraud & Corruption Control Policy				✓
Fraud & Corruption Control Procedure				✓
Business Continuity Policy				✓
IT Disaster Recovery Planning Policy				✓

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6.19 SCHEDULE OF AUDIT & RISK COMMITTEE MEETINGS FOR 2022**Author: Cheryl Santoro - Senior Administration Officer****Presenter: Bradley Dosser - Manager Legal, Governance & Risk****PURPOSE OF REPORT**

To present the Audit & Risk Committee meetings schedule for 2022.

RECOMMENDATION:

That Council accepts and notes the Audit & Risk Committee meetings schedule for 2022 set out at **Appendix 1** and no further action is required.

Recommendation 19

Ms Gregory/Cr Kesic

That the Council accepts and notes the Audit & Risk Committee meetings schedule for 2022 set out at **Appendix 1** and no further action is required.

CARRIED

REPORT**1. Executive Summary**

An annual schedule of meetings for the Audit & Risk Committee is required pursuant to Council's adopted Audit & Risk Committee Charter.

2. Background/Issues

In accordance with section 5 of the Audit & Risk Committee Charter, a schedule of meetings will be developed and agreed to by the members and recommended to Council annually for its adoption.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

42. Set Committee Meeting Schedule

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

Internal consultation was conducted to ensure Audit and Risk Committee meetings have the best fit with financial reporting requirements and Council meetings.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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6. Risk Analysis

Nil.

7. Options

That Council amend the Audit & Risk Committee meetings schedule for 2022.

LIST OF APPENDICES

1. Schedule of Audit & Risk Committee Meetings for 2022

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 NOVEMBER 2021

Item 6.19 Schedule of Audit & Risk Committee meetings for 2022

Appendix 1 Schedule of Audit & Risk Committee Meetings for 2022

AUDIT AND RISK COMMITTEE MEETING SCHEDULE FOR 2022

Deadlines for Audit & Risk Committee Reports

2022 Audit & Risk Committee Meeting		A&RC Reports to be forwarded to GM	Authorised A&RC Reports to Legal, Governance & Risk	Compilation of A&RC Agenda	Chairperson to allocate Timeframes against each Agenda item		Agenda Circulated to A&RC Members	Minutes/Reports Tabled at Council Meeting
Cut Off Time		4.00pm Monday	5.00 pm Wednesday	12.00 pm Thursday	5.00 pm Thursday		3.00 pm Friday	(Proposed/to be approved by Council)
Wednesday 16 February 2022	Draft Agenda	7 February 2022	9 February 2022	10 February 2022	10 February 2022	Final Agenda	11 February 2022	Monday 7 March 2022
Wednesday 11 May 2022		2 May 2022	4 May 2022	5 May 2022	5 May 2022		6 May 2022	Monday 30 May 2022
Wednesday 3 August 2022		25 July 2022	27 July 2022	28 July 2022	28 July 2022		29 July 2022	Monday 12 September 2022
Wednesday 14 September 2022		5 September 2022	7 September 2022	8 September 2022	8 September 2022		9 September 2022	Monday 10 October 2022
Wednesday 23 November 2022		14 November 2022	16 November 2022	17 November 2022	17 November 2022		18 November 2022	Monday 12 December 2022

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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7. MEET WITH AUDITORS IN THE ABSENCE OF MANAGEMENT

It was agreed by Committee members and Internal Auditor, Ms. Maher, there was no need to meet in the absence of Management.

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021**8. PUBLICATIONS****8.1 PUBLICATIONS**

- Victorian Auditor-General's Office, *Annual Report 2020-21* (October 2021)
- Victorian Auditor-General's Office, *Management of Spending in Response to Covid-19* (October 2021)
- Victorian Auditor-General's Office, *Major Projects Performance* (September 2021)

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the reports and that no further action is required.

OR

That Council recommend that the following publication(s) be the subject of a report back the Audit and Risk Committee.

Recommendation 20

Ms Gregory/Mr Mansoor

That Council note that the Audit and Risk Committee reviewed the reports and that no further action is required.

CARRIED

LIST OF APPENDICES

1. Victorian Auditor-General's Office, *Annual Report 2020-21* (October 2021)
2. Victorian Auditor-General's Office, *Management of Spending in Response to Covid-19* (October 2021)
3. Victorian Auditor-General's Office, *Major Projects Performance* (September 2021)

AUDIT AND RISK COMMITTEE MEETING17 NOVEMBER 2021**9. OTHER MATTERS RAISED BY THE COMMITTEE**

The Committee enquired on the status of the advertisement calling for expressions of interest for an Independent Audit and Risk Committee member.

Mr Heaney informed the Committee that he and the Mayor are still progressing through the numerous applications received.

10. CONFIDENTIAL BUSINESS

Nil.

11. NEXT MEETING

Wednesday 16 February 2022.

12. CLOSE OF BUSINESS

The meeting closed at 1.59pm.

Confirmed

Dated this

.....CHAIRPERSON