



ORDINARY COUNCIL MEETING

AGENDA

Wednesday 11 March 2020

Commencing at 7.00pm

Wycheproof Supper Room

367 Broadway, Wycheproof

**Anthony Judd
Chief Executive Officer
Buloke Shire Council**

ORDER OF BUSINESS

1. COUNCIL WELCOME AND STATEMENT OF ACKNOWLEDGEMENT

WELCOME

The Mayor Cr Carolyn Stewart will welcome all in attendance.

STATEMENT OF ACKNOWLEDGEMENT

The Mayor Cr Carolyn Stewart will acknowledge the traditional owners of the land on which we are meeting and pay our respects to their Elders and to the Elders from other communities who maybe here today.

2. RECEIPT OF APOLOGIES

Cr David Vis (on approved leave of absence)

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDATION:

That Council adopt the Minutes of the Ordinary Meeting held on Wednesday, 12 March 2020 and Special Meeting held on Wednesday, 19 February 2020.

4. REQUESTS FOR LEAVE OF ABSENCE

5. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST

In accordance with Sections 77A, 77B and 78 of the Local Government Act Councillors are required to disclose an "interest" in a decision if they would receive, or could be reasonably perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

6. QUESTIONS FROM THE PUBLIC

NIL

7. PROCEDURAL ITEMS

7.1	CORRESPONDENCE INITIATED BY COUNCIL	5
7.2	REPORT OF ASSEMBLY OF COUNCILLORS MEETINGS	6
7.3	LETTERS OF CONGRATULATIONS AND RECOGNITION OF ACHIEVEMENT/AWARDS	11
7.4	BUILDING PERMITS - MONTHLY UPDATE	12
7.5	PLANNING APPLICATIONS RECEIVED - MONTHLY UPDATE	13

8. GENERAL BUSINESS

8.1 POLICY REPORTS **15**

NIL

8.2	MANAGEMENT REPORTS	16
8.2.1	COMMUNITY GRANTS AND SPONSORSHIP	16
8.2.2	LAKE TYRRELL INFRASTRUCTURE DEVELOPMENT - INTERSECTION OF BAILEYS ROAD AND CALDER HIGHWAY	19
8.2.3	SPECIAL MEETING HELD ON WEDNESDAY 19 FEBRUARY 2020	21
8.3	FINANCIAL REPORTS	23
8.3.1	AUDIT COMMITTEE MEETING MINUTES 4 DECEMBER 2019	23
8.3.2	DRAFT AUDIT COMMITTEE MEETING MINUTES 5 FEBRUARY 2020	64
8.3.3	FINANCE PERFORMANCE REPORT AS AT 31 JANUARY 2020	86
8.4	ORGANISATIONAL REPORTS	102
8.4.1	ACTING CHIEF EXECUTIVE OFFICER	102
8.5	REPORTS FROM COUNCILLORS	104
	NIL	
9.	OTHER BUSINESS	
9.1	NOTICES OF MOTION	105
9.1.1	NOTICE OF MOTION - CLIMATE CHANGE BILL	105
9.2	QUESTIONS FROM COUNCILLORS	108
	NIL	
9.3	URGENT BUSINESS	108
	NIL	
9.4	ANY OTHER BUSINESS	108
	NIL	
9.5	MATTERS WHICH MAY EXCLUDE THE PUBLIC	109
	The Meeting may be closed to members of the public to consider confidential matters.	
9.5.1	CONTRACT C74 2019/2020 - SUPPLY AND DELIVERY OF TWO (2) NEW GENERAL PATROL TRUCKS.	
9.5.2	CONTRACT NO C72 2019/2020 SUPPLY OF ONE (1) NEW MOTOR GRADER	
	If the meeting has been closed it will be brought back into open session by resolution.	

10. MEETING CLOSE

NEXT MEETING

THE NEXT ORDINARY MEETING OF COUNCIL WILL BE HELD IN WYCHEPROOF SUPPER ROOM, 367 BROADWAY, WYCHEPROOF ON WEDNESDAY, 8 APRIL 2020 AT 7.00PM.

Anthony Judd
CHIEF EXECUTIVE OFFICER

6. QUESTIONS FROM THE PUBLIC

Nil

7. PROCEDURAL ITEMS

7.1 CORRESPONDENCE INITIATED BY COUNCIL

Author's Title: Executive Assistant

Department: Office of the CEO

File No: GO/06/06

Attachments: Nil

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council notes the record of correspondence sent and responses received.

Table of Correspondence

Council Initiative	Correspondence sent to	Date sent	Date of Response	Summary of Response

7.2 REPORT OF ASSEMBLY OF COUNCILLORS MEETINGS

Author's Title: Executive Assistant

Department: Office of the CEO

File No: GO/05/04

Attachments: 1 [↓](#) Councillor Briefing Record - 5 February 2020
2 [↓](#) Councillor Briefing Record - 19 February 2020

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council note the reports of the Assembly of Councillor Meeting held on 5 February and 19 February 2020.

1. Key Points/issues

The Local Government Act 1989 (the Act) provides that a record must be kept of any Meeting of Councillors and Staff deemed to be an Assembly of Councillors Meeting as defined in the Act.

An Assembly of Councillors Meeting is defined in the Act as a meeting of Councillors if the meeting considers matters that are likely to be the subject of a Council decision or the exercise of delegation and the meeting is:

A planned or scheduled meeting that includes at least half of the Councillors and a member of Council Staff; or

An Advisory Committee of the Council where one or more Councillors are present.

The Act also provides that the record of any Assembly of Councillors is to be reported to the next practicable Council Meeting and recorded in the Minutes.

A record of the Assembly of Councillors Meeting held on 5 February and 19 February 2020 is attached.

BULOKE SHIRE COUNCIL
RECORD
Councillor Briefing

Date and Time: 5 February 2020 **Time:** 5.00pm – 8.00pm

Location: Council Chamber – Birchip District Office

Attendees: Cr- Carolyn Stewart
Cr- Daryl Warren
Cr- Graeme Milne
Cr- David Pollard
Cr- Ellen White
Cr- Bronwyn Simpson

Anthony Judd –Chief Executive Officer
Hannah Yu – Director Corporate Services
Wayne O’Toole– Director of Works and Technical Services
Rose Harris –Director Community Development

Apologies: Cr- David Vis

Visitors: Birchip Forum: President, Dan McLoughlan
Birchip Leisure Centre: President, Fiona Best
Audit Committee: Chair, - Jess Adler

ITEMS

NO.	TOPIC	PURPOSE
1.	Declarations of Conflicts of Interest	Nil
2.	Briefing Notes	
3.	Presentations	
	3.1 Audit Committee	
	3.2 Birchip Community Forum	
4.	Items for Discussion	

-
- 4.1** Drought Communities Program –
Remaining funding
-

5. Councillor Matters

6. CEO Updates

Next Briefing:

Date and Time: 19 February 2020 **Time:** 3.00pm – 6.00pm

Location: Council Chamber – Donald District Office

BULOKE SHIRE COUNCIL
RECORD
Councillor Briefing

Date and Time:	19 February 2020	Time: 3:00pm – 6.00pm
-----------------------	------------------	------------------------------

Location:	Donald District Office – Council Chamber	
------------------	--	--

Attendees:	Cr- Carolyn Stewart Cr- Bronwyn Simpson Cr- Daryl Warren Cr- Graeme Milne Cr- Ellen White Anthony Judd –Chief Executive Officer Hannah Yu – Director Corporate Services Wayne O’Toole– Director of Works and Technical Services Rose Harris –Director Community Development Travis Fitzgibbon – Manager Customer Engagement	
-------------------	--	--

Apologies:	Cr- David Pollard, Cr- David Vis	
-------------------	----------------------------------	--

Visitors:	NCLLEN– Barb Bear, Kate Bicket, Noah Slater and Erika Bicket BSC - Ken Rowe, Mark McDonald and Judy Chapman	
------------------	--	--

ITEMS

NO.	TOPIC	PURPOSE
1.	Declarations of Conflicts of Interest	Nil
2.	Briefing Notes	
3.	Presentations	
	3.1 NCLLEN Youth Presentation	
4.	Items for Discussion	
	4.1 Waste Strategy Workshop	
	4.2 Budget Workshop	
	4.3 Library Service Review	

4.4 Aged Care Assessment Update

5. Councillor Matters

6. CEO Updates

Next Briefing:

Date and Time:	4 March 2020	Time:	5.00pm – 8.00pm
-----------------------	--------------	--------------	-----------------

Location:	Sea Lake Senior Citizens Building
------------------	-----------------------------------

7.3 LETTERS OF CONGRATULATIONS AND RECOGNITION OF ACHIEVEMENT/AWARDS

Author's Title: Executive Assistant

Department: Office of the CEO

File No: CR/13/01

Attachments: Nil

Relevance to Council Plan 2017 - 2021

Strategic Objective: Build a healthy and active community

RECOMMENDATION

That Council acknowledge and congratulate the persons and/or groups mentioned in the report for their achievements.

1. Executive Summary

This report acknowledges and congratulates community persons and/or groups for their success in being recognised for a significant achievement or for being a recipient of an honourable award.

The report also informs Council of any letters of congratulations or any particular recognition of achievement that Council has received or been awarded in the past month.

2. Recognition of Achievement Items

Provider	Recipient	Date	Purpose for Recognition

7.4 BUILDING PERMITS - MONTHLY UPDATE

Author's Title: Statutory Administration Support

Department: Works and Technical Services

File No: DB/14/01

Attachments: Nil

RECOMMENDATION

That the Council note information contained in the report on Building Permits approved by staff from 1 February to 29 February 2020.

1. Executive Summary

This report provides information on Building Permits approved by staff from 1 February to 29 February 2020.

2. List of Building Permits Approved by Council Surveyor

Permit No.	BAMS Permit No.	Address	Project Description	Date Approved
20200002	44005257455923	32 Racecourse Road, Donald	Factory	06/02/2020
20200003	8422176532373	17 Campbell Street, Birchip	Shed	30/01/2020
20200010	3566662556250	548 Watchem West School Road, Watchem West	Storage Shed	06/02/2020
20200013	1481235283422	6 Jolly Street, Wycheproof	Storage Shed	20/02/19

3. List of Building Permits Approved by Private Surveyor

Permit No.	Address	Project Description	Date Approved
20200006	144 Kellys Road, Watchupga	Farm Shed	21/01/2020
20200007	18 Campbell Street, Birchip	Alfresco & Carport	22/01/2020
20200008	489 Brim East Road, Wilkur	Farm Shed	23/01/2020
20200009	662 Watchupga East Road, Willangie	Farm Shed	29/01/2020
20200011	343 Borung Highway, Charlton	Hay Shed	06/02/2020
20200012	Tower Road, Donald	Storage Shed (Extension)	14/02/2020

7.5 PLANNING APPLICATIONS RECEIVED - MONTHLY UPDATE

Author's Title: Planning Officer

Department: Works and Technical Services

File No: LP/09/01

Attachments: Nil

RECOMMENDATION

That the Council note information contained in the report on planning applications under consideration by staff and the status of each of these applications.

1. Executive Summary

This report advises provides information on planning applications under consideration by staff and the status of each of these applications.

2. List of Planning Applications

Application No	Applicant	Address	Date Rec	Summary of Proposal	Status
PPA832/20	Charlton Community Theatre	30-34 High Street, Charlton	07/01/2020	Extension to Rex Theatre for the provision of amenities and storage facilities	Request for further information
PPA835/20	Ronald White	7 Orr Street, Charlton	15/01/2020	Demolition of a dwelling and construction of new dwelling in an Urban Floodway Zone	Referral
PPA834/20	WA Boyle	Calder Highway, Wycheproof (CA 43 Sec A Parish of Bunguluke)	08/01/2020	Removal of native vegetation (4 small trees) for the construction of a dwelling	Permit issued
PPA836/20	Ashley Sheahan	224 Yeungroon-Woosang Road, Yeungroon East	20/01/2020	Amendment to PPA792/19 for the development of 4 accommodation units and a laundry facility in association with the Charlton Feedlot	Request for further information

Application No	Applicant	Address	Date Rec	Summary of Proposal	Status
PPA837/20	Pavjo Pty Ltd	77 Wilsons Road, Buckrabanyule	29/01/2020	Two lot subdivision of land (boundary re-alignment)	Awaiting report
PPA838/20	Revd. Judi Bird	7 Blair Street, Donald	23/01/2020	Construction of a accessibility ramp in a heritage overlay	Permit issued
PPA839/20	Jeruk Park Pty Ltd	2932 Boort-Wycheproof Road, Bunguluke	06/02/2020	Construction of a machinery shed	Permit issued
PPA840/20	JF Spain	11 Peel Street, Charlton	17/02/2020	Removal of 2.1 metres of hedge in a heritage overlay	Notice of application
PPA841/20	HR Mill	6 Mount Street, Wycheproof	13/02/2020	Construction of a carport in a Heritage Overlay	Permit Issued
PPA842/20	TL & JA Campbell	17 Camp Street, Donald	20/02/2020	Construction of a domestic shed in an overlay	Notice of application Referral
PPA843/20	CD & CJ Arnel	3256 Birchip-Wycheproof Road, Wycheproof	20/02/2020	Construction of a machinery shed within a setback and use and development of land for a boarding kennel	Notice of application
PPA844/20	Teys Australia (Ashley Sheahan)	224 Yeungroon-Woosang Road, Yeungroon East	21/02/2020	Construction of two hay sheds ancillary to cattle feedlot	New

8. GENERAL BUSINESS

8.1 POLICY REPORTS

Nil

8.2 MANAGEMENT REPORTS

8.2.1 COMMUNITY GRANTS AND SPONSORSHIP

Author's Title: Community Development Officer

Department: Community Development

File No: GS/09/42

Attachments: 1 [↓](#) Running Sheet 19-20

Relevance to Council Plan 2017 - 2021

Strategic Objective: Build a healthy and active community

RECOMMENDATION

That Council allocates the following funding under the Community Grants and Sponsorship program:

- \$1000 Project Support Grant to Wycheproof Youth Group for Disturbing the Peace.

1. Executive Summary

This report is presented to Council to consider the allocation of funds from the Community Grants and Sponsorship Program.

2. Discussion

Council received the following grant application during the reporting period for the March grant award:

Project:	Disturbing the Peace
Organisation:	Wycheproof Youth Group
Amount Applied:	\$2,000 Project Support Grant
Funding Amount Recommended:	\$1,000
Total project cost:	\$14,450.00
Project Description:	"Disturbing the Peace" is a drug and alcohol free live music event for young people aged 12 – 18 from across the Buloke Shire and neighbouring communities. This annual FReeZa event is held by the Wycheproof Youth Group and a large amount of time is donated by volunteers to ensure it is a successful event.
Project Benefit:	The event benefits the youth community in Buloke with around 200 people usually in attendance. The event addresses the needs of young people, supports local communities, arts and culture events, recognises and rewards our volunteers. This project will strengthen friendships between young people living in the Buloke Shire and surrounding areas.
To Be Noted	<i>This application was received by council officers after the reporting period for the February meeting, but before the event took place (held on the 22nd of February). There is no stipulation in the guidelines preventing retrospective awarding of funds.</i>

3. Financial Implications

This brings the allocation under the community grants scheme for the 2019 – 20 financial year to \$15,995.50 out of a total of \$20,000. The sustainability fund contributions so far totals \$10,000 out of \$50,000 available.

4. Cost Shift Considerations

There are no cost shift considerations in this report.

5. Community Consultation

Staff have sought clarification where necessary from community groups.

6. Internal Consultation

The internal assessment panel undertook the assessment process to reach this recommendation. Any areas of Council's internal operations affected by the application were also consulted.

7. Legislative / Policy Implications

Supporting youth events such as Disturbing the Peace, aligns closely with Council's strategic documents, including the Youth Strategy, Community Plan and Council Plan.

8. Environmental Sustainability

There are no environmental sustainability considerations in this report.

9. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

10. Conclusion

That Council considers providing funding allocations as per the recommendations.

Community Grants, Sponsorship & Sustainability Fund

2019-2020

Organisation	type	Date received	Amount in Application	Recommended \$
The Rex Theatre	Small Equipment Grant	19/07/2019	\$ 1,082.00	\$ 1,082.00
Charlton Bowling Bowling Club	Sponsorship	25/07/2019	\$ 500.00	\$ 500.00
Charlton RSL	Project Support	2018/2019	\$ 718.00	\$ 718.00
Charlton Rotary	Sponsorship	29/07/2019	\$ 500.00	
Charlton Badminton	Sponsorship	14/06/2019	\$ 500.00	\$ 500.00
Charlton Forum	sponsorship	10/09/2019	\$ 500.00	
Donald 2000	Project Support	12/09/2019	\$ 902.00	\$ 902.00
Buloke Health Expo	Project Support Grant	27/09/2019	\$ 2,000.00	\$ 2,000.00
Wycheproof Traders Association	Project Support Grant	18/10/2019	\$ 2,000.00	\$ 2,000.00
Charlton Probus	Small Equipment Grant	21/10/2019	\$ 494.50	\$ 494.50
Sea Lake Youth Group	Small Grant	22/10/2019	\$ 500.00	\$ 500.00
Charlton X-Mas Fest Committee	Project Support Grant	29/10/2019	\$1,500.00	\$ 500.00
Birchip P-12 School L2p Program	Sponsorship	29/10/2019	\$500.00	\$ 500.00
Donald 2000 - Skate Park	Project Support Grant	6/11/2019	\$2,500.00	\$ 2,000.00
Birchip Neighbourhood House	Sponsorship	13/11/2019	\$500.00	\$ 250.00
Tchum Lake Aquatic Club Inc	Sponsorship	14/11/2019	\$500.00	\$ 250.00
Buloke Women's Network	Project Support Grant	4/12/2019	\$2,000.00	\$ 2,000.00
Donald Men's Shed	Small Equipment Grant	16/12/2019	\$ 799.00	\$ 799.00
Wycheproof Youth Group	Project Support Grant	31/01/2020	\$ 2,000.00	\$ 1,000.00
			\$ 19,995.50	\$ 15,995.50
Charlton Bowling Club	Sustainability Grant	2/01/2020	\$10,000	\$ 10,000.00
TOTAL			\$10,000	\$ 10,000.00

8.2.2 LAKE TYRRELL INFRASTRUCTURE DEVELOPMENT - INTERSECTION OF BAILEYS ROAD AND CALDER HIGHWAY

Author's Title: Chief Executive Officer

Department: Office of the CEO

File No: GS/04/01

Attachments: Nil

Relevance to Council Plan 2017 - 2021

Strategic Objective: Responding to and enhancing our built and natural environment

RECOMMENDATION

That Council:

1. Write to the Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP, to request that funding allocated for Calder Highway upgrades in the Federal Budget be released and prioritised for the intersection of Baileys Road and Calder Highway;
2. Provide a copy of the correspondence to Member for Mallee, Anne Webster MP, and request her support and advocacy for this release; and
3. Provide a copy of the correspondence to the Calder Highway Improvement Committee and request their support and advocacy for this release.

1. Executive Summary

This report is presented to Council to consider advocating to the Federal Government for further investment into the intersection of Calder Highway and Baileys Road at Lake Tyrrell.

2. Discussion

Since June 2017, the State and Federal Government have committed significant investment to boost tourism to the iconic Lake Tyrrell. The project included the development of a tourist hub at the lake with a viewing platform, boardwalk, tourist amenities and extensive development of a carpark. Council has recently let a tender for these works and preliminary site works have commenced with building works to commence in the coming months.

The project also involves a significant upgrade to the Calder Highway and Baileys Road intersection, to ensure safe access for all vehicles to the lake which is essential to support the increase patronage. The current intersection is extremely dangerous and requires turning lanes and enhanced sight distances, which is heightened given the predicted increase in tourist numbers over the coming years.

Given the intersection works will occur on the Calder Highway, Regional Roads Victoria have coordinated the design development of the intersection works, which have a cost estimate of \$2.7million.

Council has quarantined \$1.2million for the intersection works from existing state and federal government grants, however another \$1.5million is required to complete the project.

In the 2019/20 budget, the Federal Government committed \$60 million towards upgrades along the Calder Highway between Melbourne and Mildura through the Roads of Strategic Importance

(ROSI) program. The upgrade of the intersection at Lake Tyrrell would align with this budget announcement. It is noted that the upgrade to intersections on the Calder Highway/Yeungroon Road (currently underway) and the Calder Highway/Sea Lake Patchewollock Road (recently completed) were funded through a similar Federal and State Government partnership arrangement.

It is understood that the State Government and Federal Government have commenced negotiations regarding the release of this funding and it is timely to write to the relevant Minister and the local Member of Parliament advocating for this project.

If this intersection project remains underfunded, the Department of Transport have advised that speed reductions may need to be implemented, which would be an unacceptable community outcome given the importance of the Calder Highway to freight and light-vehicle movements.

This request is supported by the Loddon Mallee Regional Development Australia Committee and the Mallee Regional Partnerships.

3. Financial Implications

The Lake Tyrrell Infrastructure Program is Council's largest single project and there are two funding agreements in place. Council requires additional funds to complete the project to its entirety and satisfy the funding agreements and Regional Roads Victoria.

4. Cost Shift Considerations

Council is working closely with the State and Federal Government to fund this project. A majority of the intersection works are on the arterial (state controlled) road.

5. Community Consultation

The Lake Tyrrell Project Control Group have been consulted on this project and are aware of the current status of the project.

6. Internal Consultation

Council's project managers have met to discuss this project and request.

7. Legislative / Policy Implications

The upgrades to Lake Tyrrell are highlighted through a range of strategies and plans, including the Council Plan, Economic Development Plan, draft Investment Prospectus and Sea Lake Community Plan.

This project is supported by the Regional Economic Growth Plan, in particular, this project supports Priority Action 3.5.5 - Bring access roads to Lake Tyrrell and the expanding Silo Art Trail up to a safe and appropriate standard.

8. Environmental Sustainability

There are no environmental sustainability considerations in this report.

9. Conflict of Interest Considerations

No officer involved in writing this report has a conflict of interest.

10. Conclusion

It is recommended that Council write to the Minister for Infrastructure, Transport and Regional Development, Michael McCormack MP and Member for Mallee, Anne Webster MP, to request the release of budget funds to improve this intersection. It is also recommended that Council ask the Calder Highway Improvement Committee support this request and advocate on our behalf.

8.2.3 SPECIAL MEETING HELD ON WEDNESDAY 19 FEBRUARY 2020

Author's Title: Chief Executive Officer

Department: Office of the CEO

File No: RO/26/07

Attachments: Nil

Relevance to Council Plan 2017 - 2021

Strategic Objective: Responding to and enhancing our built and natural environment

RECOMMENDATION

That Council note the report Special Meeting held on Wednesday 19 February 2020.

1. Executive Summary

A Special Meeting was called at short notice on Wednesday 19 February 2020. This report provides an outline of the circumstances giving rise to the Special Meeting.

2. Discussion

A Special Meeting was held by Council on Wednesday 19 February 2020. The meeting was called by the Mayor at short notice pursuant to s 84 of the *Local Government Act 1989* (the Act) during the holding of an assembly of Councillors.

The purpose of the meeting was to partly rescind the decision made by Council at its Ordinary meeting on 12 February 2020. The Special Meeting was also for the awarding of Contract No. C71 2019/2020 Charlton Swan Hill Road & Prater's Road Intersection, Glenloth to Bitu-mill (Civil) Pty Ltd for the works specified in Charlton Swan Hill Road & Prater's Road Intersection - Seal Pavement Widening & Safety Improvement Works for the tendered lump sum price of \$242,439.90 (excl. GST) (which was what occurred at the Special Meeting).

The Act requires the giving of public notice at least 7 days prior to a Special Meeting being held, however if urgent circumstances exist, then that requirement does not apply. The urgent circumstances were that Council was required to ensure that Contract No. C71 2019/2020 was awarded to the correct tenderer otherwise there would be possible financial loss to Council. The Special Meeting was closed to the public due to the nature of the matter being considered, namely that it was a contractual matter and due to the matter being considered in camera at the earlier Ordinary meeting held on 12 February 2020.

3. Financial Implications

Council has avoided any possible financial loss through the resolution made at the Special Meeting on Wednesday 19 February 2020.

4. Cost Shift Considerations

There are no cost shift considerations.

5. Community Consultation

No community consultation has been undertaken in relation to this report.

6. Internal Consultation

The Senior Leadership team have been consulted in relation to the preparation of this report.

7. Legislative / Policy Implications

Council has acted in accordance with s 84 and s 89 of the *Local Government Act 1989* and in accordance with its Meeting Procedure and Common Seal Local Law 2019.

8. Environmental Sustainability

There are no environmental sustainability implications in relation to this report.

9. Conflict of Interest Considerations

No member of staff involved in the preparation of this report has a conflict of interest.

10. Conclusion

That Council notes the report regarding the Special Meeting held on Wednesday 19 February 2020.

8.3 FINANCIAL REPORTS

8.3.1 AUDIT COMMITTEE MEETING MINUTES 4 DECEMBER 2019

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [↓ Audit Committee Meeting Minutes 4 December 2019](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council notes the Minutes of the Audit Committee meeting held on 4 December 2019.

1. Executive Summary

The Audit Committee is a statutory committee of Council which considers matters of governance, finance and risk management. The Committee is comprised of three independent members and the Mayor. The Committee provides advice on the integrity and effectiveness of Council's financial reporting and risk management system.

2. Discussion

At its 4 December 2019 meeting, the Committee considered the following matters:

- Outstanding Actions
- Audit Committee Work Plan
- Draft Audit Committee 2020 Work Plan
- 2020 Audit Committee Meeting Dates
- Asset Management update
- Draft Fraud Prevention and Reporting Policy
- Draft Fleet Management Policy
- Internal Audit Progress update
- Final Management Letter – VAGO 2018-19 Audit
- Cyber attack response review
- Risk Management
- Legislative Compliance
- VAGO Report on Council Libraries
- Fraud and Corruption Control – Local Government
- Special Report on Corruption Risks Associated with procurement in Local Government
- Draft 2019/20 Forecast and 2020/21 Budget timeline
- CEO Corporate Card Expenditure
- Financial Performance as at 31 October 2019
- Audit Committee Charter
- Audit Committee Self-Assessment Survey

3. Financial Implications

The cost of the Audit Committee function is incorporated into the 2019/20 Annual Budget.

4. Cost Shift Considerations

There are no cost shift implications associated with the Committee.

5. Community Consultation

Not applicable.

6. Internal Consultation

Councillors and senior staff are invited to attend, and present as required to at Committee meetings. Recommendations from the Committee are communicated to relevant staff members for action.

7. Legislative / Policy Implications

Council is required under the *Local Government Act 1989* to create and maintain an Audit Committee.

8. Environmental Sustainability

Not applicable.

9. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

10. Conclusion

The Audit Committee minutes are attached for the information of Council.



AUDIT COMMITTEE MEETING

MINUTES

Wednesday 4 December 2019

Commencing at 2:00pm

Wycheproof Supper Room

367 Broadway Wycheproof

**Anthony Judd
Chief Executive Officer
Buloke Shire Council**

ORDER OF BUSINESS

1. WELCOME

The Chair opened the meeting and welcomed those present, including welcoming Dean Sleigh as the new independent member on the Audit Committee, and congratulated Cr Carolyn Stewart on her re-election as Mayor.

2. RECEIPT OF APOLOGIES

Kathie Teasdale (RSD), David Pell (AASB)

3. ATTENDEES

Jessica Adler (Chair), Margaret Abbey (Member), Dean Sleigh (Member), Cr Carolyn Stewart (Mayor), Anthony Judd (CEO), Hannah Yu (Director Corporate Services), Aileen Douglas (Manager Finance), Cr Graeme Milne, Cr Bronwyn Simpson, Nathan Barber (RSD Audit), Rose Harris (Director Community Development), Wayne O'Toole (Director Works and Technical Services), Zoe Watts (Manager Governance), Jen Hewett (Governance Officer), Cecilia Connellan (Manger Information Services).

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

MOTION:

That Council adopt the Minutes of the Audit Committee Meeting held on Wednesday, 4 September 2019.

MOVED: MS. MARGARET ABBEY

SECONDED: JESSICA ADLER

CARRIED.

Minutes were confirmed and signed by Chair.

5. CHIEF EXECUTIVE BRIEFING

Briefing by Chief Executive Officer (CEO) to the Audit Committee Meeting including any legal matters.

The CEO welcomed Dean Sleigh as the new independent member of the Audit Committee and Bernard Young who has been appointed by Council to commence later in 2020 at the conclusion of Jessica Adler's term. The CEO also advised the Committee that Cr Bronwyn Simpson has been elected as a Councillor in the Lower Avoca Ward at countback following the resignation of Cr John Shaw.

The Committee were briefed on the following matters:

- An electoral review has recently been undertaken by the Victorian Electoral Commission (VEC). The VEC has recommended that there be no change to the current electoral structure.
- The \$7 million loan has been repaid.
- Council has received \$1 million drought funding, \$1.6 million road funding and \$2.3 million funding towards 3-year-old kinder.
- There will be a meeting in January 2020 with Vision Super in relation to the Defined Benefits Funds.

- Rural Council Transformation Program (RCTP), includes the replacement of Council's finance, payroll and records systems. Council is currently working with the other councils to prepare a business case. The business case has a March 2020 deadline. Horsham Rural City Council is the lead council on this project. Council has 2 staff on the governance board.
- Council recently had a 'Code Red' day which provided an opportunity to test our Emergency Management procedures. Improvement opportunities have been documented for future action.
- The Governance team has been working to improve our risk maturity. The Governance team have held risk workshops with the various Council departments over the past month. Council is continuing to develop its strategic risk management processes and is increasing awareness of risk management throughout the organisation.
- Improvements have been made to Council's financial reporting template. Reporting has commenced on controls, including purchases without purchase orders.
- Staff have commenced the reforecasting of their budgeted expenditure for 2019/20.
- Council was infected by an IT virus in September 2019. This virus did not impact Council's outward service delivery. No data was lost.
- A Fraud and Corruption workshop, facilitated by Macquarie Lawyers, will be conducted on Thursday 5 December 2019.

Sector-wide issues include:

- Local Government Bill is being considered by Parliament and has passed the Lower House. There are some proposed changes that will affect Audit Committees, such as a new Charter and increased reporting from the Committee to Council, as well as requirements to develop and maintain workforce plans, community engagement plan, 10-year asset plan, 10-year long term financial plan, rating strategy, CEO employment policy, a standardised councillor code of conduct and councillor training.
- Report from Local Government Inspectorate on Yarriambiack Shire Council has been released. Council is reviewing the recommendations and will provide a report at the next meeting.
- IBAC's public hearings regarding allegations of fraud and corruption at City of Casey have commenced.
- Continued lack of clarity regarding Aged Care reforms. It is likely there will be an extension on the funding for assessments.
- Recycling remains a high risk to Council. Council's recycling has been temporarily redirected to landfill.
- A number of staff and Councillors attended the presentation by Minter Ellison on climate change risk for Council.

There have been 2 matters in VCAT that have now been resolved. There are no other legal matters arising.

Staff turnover will remain a topical issue into the future, with approximately one third of the workforce aged 55 and over. Workloads and the pace of change is an issue and staff burnout is a key risk to Council.

The Chair noted wages costs are lower than budget, and queried whether this was related to attrition. The Committee noted in response that experiencing a relatively high unplanned turnover rate. A workforce strategy is currently being developed.

In response to a question regarding the status of the Drug and Alcohol policy, Council advised testing has not yet commenced.

6. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST

There were no declarations of interest.

Buloke Shire Council Audit Committee Meeting Minutes Wednesday, 4 December 2019

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.1	OUTSTANDING ACTION ITEMS	5
7.2	AUDIT COMMITTEE WORK PLAN REVIEW	7
7.3	DRAFT AUDIT COMMITTEE 2020 WORK PLAN	7
7.4	2020 AUDIT ADVISORY COMMITTEE MEETING DATES	10
7.5	ASSET MANAGEMENT UPDATE	11
7.6	DRAFT FRAUD PREVENTION AND REPORTING POLICY	14
7.7	DRAFT FLEET MANAGEMENT POLICY	15
7.8	INTERNAL AUDIT PROGRESS UPDATE	16
7.9	FINAL MANAGEMENT LETTER - VAGO 2018-19 AUDIT	16
7.10	CYBER ATTACK RESPONSE REVIEW	18
7.11	RISK MANAGEMENT	20
7.12	LEGISLATIVE COMPLIANCE	20
7.13	VAGO REPORT ON COUNCIL LIBRARIES	22
7.14	FRAUD AND CORRUPTION CONTROL - LOCAL GOVERNMENT	25
7.15	SPECIAL REPORT ON CORRUPTION RISKS ASSOCIATED WITH PROCUREMENT IN LOCAL GOVERNMENT	27
7.16	DRAFT 2019/20 FORECAST AND 2020/21 BUDGET TIMETABLE	30
7.17	CEO CORPORATE CREDIT CARD EXPENDITURE	31
7.18	FINANCIAL PERFORMANCE AS AT 31 OCTOBER 2019	32
7.19	AUDIT COMMITTEE CHARTER	35
7.20	AUDIT COMMITTEE SELF-ASSESSMENT SURVEY	37

9. ANY OTHER BUSINESS

10. MEETING CLOSE

NEXT MEETING

THE NEXT AUDIT COMMITTEE MEETING WILL BE HELD IN WYCHEPROOF SUPPER ROOM
367 BROADWAY WYCHEPROOF ON WEDNESDAY, 5 FEBRUARY 2020 AT 1:00PM.

Anthony Judd
CHIEF EXECUTIVE OFFICER

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.1 OUTSTANDING ACTION ITEMS

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Audit Committee Outstanding Action Items
2 Audit Committee Meeting Items Arising

RECOMMENDATION

That the Audit Committee notes the status of the outstanding action items.

1. Purpose

The attachment to this report contains outstanding actions from internal and external audits and regulatory reports and provides their current status. It identifies the source of the action, whether from an audit or regulatory report. Direct request from the Audit Committee are shown in the Items arising report.

2. Key Points / Issues

Council staff are required to provide updated commentary and to advise when an action is complete. Once complete to the satisfaction of the Audit Committee, the action will be removed from the report.

Current comments are indicated by red font.

3. Discussion

Item 1 – the Committee noted there had been movement in the asset management space. The Director Works and Technical Services indicated there are approximately 50 assets in the system

Item 3 – testing in accordance with the Drug and Alcohol policy will commence in 2020.

Item 4 – the completion date for the policies and procedures for the planning team was amended to June 2020. The CEO advised the Development Services team have developed and launched the Better Approvals Program and a number of procedures were prepared as part of this program.

Items 21, 25 and 27 – it was noted advised work has been undertaken and a draft strategy has been provided to the Executive team.

Items 24 and 25 – it was noted that these should be medium level risks.

Item 28 – implementation of a new finance system and EDRMS has become part of the Regional Councils Transformation Project. The project involves 6 councils with Horsham Rural City Council as the lead. A fraud and corruption workshop is programmed for 5 December 2019. Council has also implemented 'Lunch and Learn' sessions to provide information to staff, with

Buloke Shire Council Audit Committee Meeting Minutes

Wednesday, 4 December 2019

one session focussed on procurement. Council's EDRMS is compliant and a number of actions for completion have been identified in the MAV ECM Step Audit.

Item 30 – a Complaints Handling policy has been developed and will be considered at the December 2019 Council Ordinary meeting.

Item 34 – the Committee requested the completion date be brought forward.

The Committee agreed with the recommendation to remove items 1, 2, 3, 6, 9, 16, 33 and 36.

7.2 AUDIT COMMITTEE WORK PLAN REVIEW

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Audit Committee Work Plan

RECOMMENDATION

That the Audit Committee review the work plan.

1. Purpose

The work plan incorporates all matters that have been considered or will be considered by the Audit Committee over a twelve-month period. It has been prepared to include matters outlined in the Audit Committee Charter that has been reviewed by Audit Committee and adopted by Council on 13 November 2019.

2. Key Points / Issues

The attached annual work plan has been populated to status of current documents and processes, and key documents and initiatives to be considered within the 2019 meeting schedule, that are known.

The work plan is a dynamic document; it will be reviewed and adjusted at each meeting of the Audit Committee and additional items added as they become known.

3. Discussion

The Committee noted the work plan has been a good resource.

7.3 DRAFT AUDIT COMMITTEE 2020 WORK PLAN

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Draft 2020 Audit Committee Work Plan

RECOMMENDATION

That the Audit Committee Meeting adopt the attached Audit Committee 2020 Work Plan.

1. Executive Summary

The Audit Committee Charter requires the development of an annual work plan. The work plan incorporates all matters to be considered by the Audit Committee over a twelve-month period, including matters outlined in the Audit Committee Charter adopted by Council in November 2019.

1. Key Points / Issues

The attached annual work plan has been populated based on the status of current documents and processes, and key documents and initiatives to be to be considered within the 2020 meeting schedule.

The work plan is not a static document and will be reviewed and adjusted at each meeting of the Audit Committee, with additional items added as they become known.

2. Discussion

The contents of the work plan were discussed and the following inclusions and adjustments were requested by the Committee:

- Debtor write off – change to bi-annually
- Fraud Prevention and Reporting policy – change frequency to biennially
- Review of Compliance Register quarterly
- Report on any cyber security issues, as required
- Include CEO Corporate Card expenditure
- Include the reimbursement of expenses policy (per VAGO report). It was noted that this was due for review in 2020
- Review the Internal Audit Program annually
- Include the 2020 Audit Program
- Grant Acquittal Audit be included for the February 2020 meeting
- Provide a list of internal audits undertaken in the past 6 years
- Include a report to the May 2020 meeting on Council's internal financial controls
- There be a formal item to discuss changes to accounting policies, complex transactions and unusual transactions
- Include VAGO work plan and provide of an in-camera session to discuss changes in May 2020
- Provide for annual in-camera sessions for the independent members to consider the performance of the internal and external auditors, the Audit Committee and Council administration, with the first session to commence in February 2020

- Provide for the Chair to present a bi-annual report to Council in February 2020 and September 2020.

7.4 2020 AUDIT ADVISORY COMMITTEE MEETING DATES

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: Nil

MOTION:

That the Audit Committee adopts its 2020 meeting schedule as follows:

1. Wednesday 5 February 2020, commencing 1 pm Wycheproof Senior Citizens Room
2. Wednesday 6 May 2020, commencing 2 pm Charlton Council Chambers
3. Wednesday 2 September 2020, commencing 10 am Wycheproof Hall Supper Room
4. Wednesday 2 December 2020, commencing 2 pm Wycheproof Hall Supper Room

MOVED: MS. MARGARET ABBEY

SECONDED: JESSICA ADLER

CARRIED.

1. 1. Purpose

The Audit Committee is required to set its meeting dates for 2020.

2. Key Points / Issues

The following dates are being recommended to take into consideration the preparation of the budget and the annual statements.

The first meeting is scheduled for Wednesday 5 February 2020 in Wycheproof commencing 1pm.

The second meeting has been scheduled for Wednesday 6 May 2020 in Charlton commencing at 2pm to allow the Audit Committee to be updated on the draft budget prior to it being placed on public exhibition by Council.

The third meeting has been scheduled for Wednesday 2 September 2020 in Wycheproof commencing 10am. This meeting will consider the annual statements and is subject to receiving the external audit schedule.

The final meeting for 2020 will be held Wednesday 2 December 2020 in Wycheproof commencing at 2 pm.

3. Discussion

The Committee accepted the dates.

7.5 ASSET MANAGEMENT UPDATE

Author's Title: Director Works and Technical Services

Department: Works and Technical Services

File No:

Attachments: Nil

RECOMMENDATION

That the Audit Committee Meeting note:

1. The update on recommendations from the internal audit on asset management
2. The update on the Confirm asset management system rollout and
3. The update on the recent Moloney Asset Management System Inspection and valuation of Council's road infrastructure.

1. Purpose

The purpose of this report is to provide the Audit Committee an update on the progress on implementation on the incomplete recommendations from the 2018 internal audit on asset management, as well as information on the Confirm asset management system rollout and information from the Moloney Asset Management System Condition Report and Valuation on Council's road infrastructure.

2. Key Points / Issues

Internal Audit – Asset Management	The Asset Plan, strategy and plans be updated to a more user focused format that will be informative and a source of valuable input into Council decision making. The plans should then be updated annually in line with the 10 year asset management plan, and reflect any changes in the Council Plan, community consultation and budget. The Asset Management Plan summaries are very informative and offer a lot of value. It is recommended that these are updated annually and that proposed improvement actions detailed on the plans are completed.	Medium	DWTS	CT Management has presented a program to match council assets to services, budget bid is required for this work to be undertaken in 20/21Assets. This will inform future updates of the summaries. CT Management or a similar Consultancy will be engaged to assist with this work in 20/21.
	Infrastructure team	High	DWTS	Roads and Urban

Buloke Shire Council Audit Committee Meeting Minutes

Wednesday, 4 December 2019

	<p>produce an asset maintenance plan/strategy for presentation to Council. Even though the budget for asset maintenance and replacement is quite limited, Council are currently unable to make informed decisions regarding this without all the scenarios demonstrating the impact of expenditure on the assets. Consideration should also be given to the best method of maintaining Council assets.</p>			<p>Maintenance Plan is complete. Buildings Maintenance Plan is underway</p>
--	--	--	--	---

Confirm Rollout

The rollout of the Confirm Asset Management System continues at a steady pace, key achievements are as follows

- Collated all properties/land that Council has ownership or lease over and entered as assets
- Collated all buildings that Council has ownership or lease over and entered as assets
- Verified all properties and buildings contained in the 2018 Asset spreadsheets are entered in Confirm to allow for valuations and reporting by the Finance Team.
- Imported all Plant and equipment based on 2018 Asset spreadsheets into confirm.
- Included other structures and assets not in current asset spreadsheets e.g. water tanks, sporting facilities and infrastructure
- Componentised condition inspections to capture valuations
- Redesigned Feature Groups and Feature Types to better suit Council's structure and include a better breakdown of asset types within Council
- Created additional reports
- Created additional alert emails to prompt officers to contact customers as required in response to enquiries
- On-going training in the usage of tablets to action enquiries, create defects and job requests.
- Liaised with CSOs to address issues they are finding when entering public enquiries
- Collated all artworks, honour boards etc. that are in each of the shire offices
- Created street furniture and landscaping features
- Created necessary feature types for the Aerodromes, Landfills, Saleyards and general waste

Moloney Asset Management System

A condition survey of Council's road assets has been undertaken, the key findings are listed below

- There is a very strong condition improvement for the sealed road pavement, sealed surface and unsealed road pavement assets since our last survey in 2016
- There is a small decline in asset condition for the kerb and footpath since the previous survey in 2016

- In terms of external benchmarking against all 69 councils assessed by MAMS Buloke Shire tended to be within the worst 5% - 10% for most performance indicators, with the exception of the unsealed road pavement assets where Council's ranking was generally within the best 20 -30%
- While the external condition benchmarking is not good news, Council has managed the assets in the long term (since our first survey in 2006) reasonably well.
- The total present renewal shortfall or backlog of over intervention assets for the whole roads group is estimated at \$14,395,548 representing 3.51% of the total road asset valuation. This equates to 207% of one full year's annual liability for the renewal of the assets and as such is considered to be within the "Fair" Condition range.
- Council is currently funding road network renewals at \$5,005,000 pa while the consumption rate (average annual liability) is estimated at \$6,960,289 pa. Hence, the assets are currently being consumed at around \$1,955,289 pa. This is clearly a situation that cannot continue indefinitely.

3. Discussion

The Committee noted that:

- CT Management provided a presentation on services and assets to the executive team
- Council propose to engage a consultant to undertake a review of the plans and strategies in 2020/21 year
- The road maintenance plan was updated as part of the road management plan
- A buildings review will be undertaken to understand usage and identify surplus buildings.

In response to a query regarding consumption of road assets, the CEO confirmed the full Maloney report would be provided to the Committee. The Committee noted there have been improvements from Council's baseline.

7.6 DRAFT FRAUD PREVENTION AND REPORTING POLICY

Author's Title: Director Corporate Services

Department: Corporate Services

File No: FM|02|09

Attachments: 1 Draft Fraud Prevention and Reporting policy

RECOMMENDATION

That the Audit Committee Meeting note the revised draft Fraud Prevention and Reporting policy and provide feedback and advice to Council in the development of the policy.

1. Purpose

Council adopted its first Fraud Prevention and Reporting policy in 2016. This policy has been reviewed in accordance with Council's policy schedule and is presented to the Audit Committee for feedback as part of the review process.

2. Key Points / Issues

Council's Fraud Prevention and Reporting policy has been revised to incorporate measures recommended by integrity agencies including IBAC, the Local Government Inspectorate, the Victorian Ombudsman and the Victorian Auditor-Generals Office in reports released within the past three years.

Key changes include incorporating additional examples of fraudulent and corrupt activities, introducing an obligation on senior management to undertake a risk assessment and establishing appropriate controls to mitigate against these activities and incorporating additional information regarding remedies available for any breaches of this policy.

3. Discussion

It was noted the policy emphasises prevention, but in the event of possible criminal action strong evidence would be required.

The Committee recommended the following be considered:

- Inclusion of reference to volunteers
- Reimbursement claims for travel and overtime should reference the reimbursement policy and must relate to Council business.
- Consideration to the *Protected Disclosure Act 2012 (PDA)* be made and the reporting obligations required by the PDA should also be available.
- The requirement to report fraud be strengthened

The Committee requested the Fraud Prevention and Reporting procedure be presented at the 2020 February Audit Committee meeting.

7.7 DRAFT FLEET MANAGEMENT POLICY

Author's Title: Director Corporate Services

Department: Corporate Services

File No: FM|02|09

Attachments: 1 Draft Fleet Management policy

RECOMMENDATION

That the Audit Committee Meeting note the draft Fleet Management policy

1. Purpose

Council's Fleet Management policy is scheduled for review. The most recent review has taken into account best practice fleet management, and proposed changes to the methodology used to determine vehicle values within Council Officer salaries.

2. Key Points / Issues

Council's current fleet management policy was adopted in 2016 and is now due for review. The review has taken into account changes to vehicle valuations within Officer salaries, and introduced key provisions in relation to fuel purchased and replacement/disposal.

Council's Director Corporate Services is responsible for the development, implementation and review of this policy. The Committee should note the Director Corporate Services has access to full private use of a vehicle under the fleet management policy and, as such, the Audit Committee's independent review of the proposed draft policy is an integral step in ensuring the highest level of transparency and accountability is met in the review of the same.

1. Discussion

Council's draft cost proposal was tabled.

The Director Corporate Services advised that changes to the policy have incorporated issues identified with fuel cards and the disposal methods. The calculation of contributions for private use of a vehicle by staff was considered as part of the review. The current contribution rate is a flat rate and does not necessarily reflect the full cost to Council. The Manager Finance informed the Committee that there is an issue with extracting the cost of a vehicle with salary packaging arrangements taking into consideration FBT and actual costs for Council.

The policy has not been tabled at any consultative meetings, however research and benchmarking was undertaken with over 30 Councils. The benchmarking process has shown that each Council treats the salary packaging and costs to Council issues differently. The Director Corporate Services also indicated that historical arrangements make it difficult to adjust as some arrangements are affected by Fair Work decisions.

The Committee commented that the policy states the "vehicles are purchased for suitability". Whilst this gives flexibility, it does add to the complexity. Comments were also made on the importance of employees advising Council if their licence is suspended or revoked and that fuel cards should be specific to vehicles.

Discussion was also had on the importance of recording near misses with vehicles as well as actual incidents.

7.8 INTERNAL AUDIT PROGRESS UPDATE

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Internal Audit Update Report

RECOMMENDATION

That the Audit Committee Meeting note the Progress Update from Council's Internal Auditors – RSD Audit

1. Executive Summary

The 2017-2019 Audit Program was endorsed by Audit Committee at its meeting on 28 April 2017. The objectives of the Internal Audit program are to provide a risk based, cyclical, strategic plan which focuses on the organisations risks and internal control systems. The progress update provides an update on the status of the Internal Audit program.

2. Key Points / Issues

RSD Audit has provided a summary of recent reports and publications by government agencies and other sources that may impact on public sector agencies.

The Internal Audit Progress update is attached

3. Discussion

RSD Audit advised:

- RSD are at the end of the current 3 year program
- The report for the Grant Acquittal Audit is currently in draft and will be available at the next meeting.
- The proposed 3-year plan will be developed and presented at the 2020 February Committee meeting
- There have been a number of regulatory reports released, and Council was complimented on the work that has been undertaken to review Council against the recommendations
- The importance of keeping fraud awareness training for staff current is emphasised

The Committee requested a 3 year rolling audit plan that is reviewed annually.

7.9 FINAL MANAGEMENT LETTER - VAGO 2018-19 AUDIT

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 VAGO - Final Management Letter Year ended 30 June 2019

RECOMMENDATION

That the Audit Committee Meeting note the VAGO Final Management Letter.

1. Executive Summary

The final management letter from the Victorian Auditor General Office regarding the outcomes of the 2018-19 Audit has been attached for the information of the Audit Committee.

It is noted that all issues that were open from previous years have now been considered resolved, and have been closed. No new issues have been raised as a result of the audit undertaken for the financial year ending 30 June 2019.

Discussion

It was noted that the report was tabled and discussed at the Audit Committee meeting held 5 September 2019 under general business.

7.10 CYBER ATTACK RESPONSE REVIEW

Author's Title: Manager Information Services

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Cyber Attack Mitigations

RECOMMENDATION

That the Audit Committee Meeting note cyber-attack response report and associated mitigations

1. Purpose

The Buloke Shire Council was infected by the Emotet malware cyber-attack on 19 September 2019. Emotet malware is associated with the recent Ryuk ransomware cyber-attack on Victorian hospitals and healthcare services. The presence of Emotet malware on Buloke's network was detected, contained and then eradicated before it had the opportunity to transition to the next stage of its four stages of the Ryuk ransomware encryption process.

The ICT team, with support from our external provider, contained the virus so no data packages were released from Buloke environment before transitioning responds to eradicate the inflections. Buloke staff members supported the response by making their devices available for protection as soon the request was sent.

The responds to the attack and related actions items are listed in the table below.

2. Key Points / Issues

The Victorian government entity (including local governments) faces persistent threat of cyber-attack. Victoria Government Cyber Unit estimate there is an attempted compromise of Victorian government ICT networks about every 45 seconds, and an actual cyber incident about every 40 minutes.

The Victorian government is an increasingly attractive target for cyber-attacks due to the information, finances and infrastructure that it manages. Organised criminals, political 'hacktivists', nation states and other hackers attempt to infiltrate and disrupt a variety of networked government services, including those supporting critical infrastructure and essential services.

3. Discussion

The Manager Information Services addressed the Committee, informing them that Council responded well to the virus. The virus was the same virus that infected a number of hospitals that resulting in their systems being shut down.

Cyber-attacks are a high risk to Council and a number of mitigations have been put in place, including improvements to IT security systems such as an upgrade to Council's firewall.

The incident did highlight gaps in the Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) during post incident reviews, as neither plan identified cyber-attack as a risk. This gap will be addressed and the plans will be tested.

Buloke Shire Council Audit Committee Meeting Minutes

Wednesday, 4 December 2019

In response to a question from the Committee regarding the support provided by Council's external IT service provider, the Manager Information Services indicated the assistance was timely and effective however Council needs to ensure actions by external IT providers are actively monitored in accordance with best practice.

The Committee queried the type of firewall Council utilised. The Manager Information Services indicated that it is currently non-cloud based, however Council is moving to cloud based.

Currently there is no monthly reporting program for cyber threats, however the Manager Information Services is reporting to Senior Management on a fortnightly basis and is relying on reports from the Victorian Government Cyber Unit and the Australian Government Cyber Unit for information on trends with viruses and other cyber security issues.

The Committee noted the incident has highlighted the importance of considering external influences to BCP and commended Council's post incident review on the BCP and DRP.

In response to a question regarding Bring-Your-Own-Devices, the Manager Information Services indicated that this will be considered over the next 2 years as part of the wider review of Council's IT policies. In the interim Council is providing education and information to staff at the monthly "Lunch and Learn" sessions.

7.11 RISK MANAGEMENT

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Risk Management Report

RECOMMENDATION

That the Audit Committee Meeting note the Risk Management report.

1. Purpose

Council and management is responsible for reviewing all major strategies and actions for their impact on the risk facing the organisation. Additionally, management is responsible for establishing and maintaining an effective system of internal control that supports the achievement of Council's objectives.

2. Key Points / Issues

The risk register is a useful tool in providing an analysis of Council's key risks. It ensures there is a common and consistent understanding of risks facing Council. The register is also a means of communicating key risks to the Audit Committee.

Council is currently documenting the risks that exist within each directorate into Council's Risk Management System. This work is ongoing and the identified risks, controls and tasks will be further refined as part of the ongoing review process over the coming months.

Risks that have been identified as being 'extreme' and 'high' are included in the attached reports generated by Council's risk management system. Tasks that have been identified that will potentially reduce the likelihood of risks occurring has been included on the report. Council has had recent discussions with its Internal Auditors regarding the further refinement and improvement of the risk register, including review of the residual risk where controls in place will reduce the likelihood of a risk occurring.

It is noted that Council's risk management policy and overarching framework is due for review in 2020 and these documents will be further refined as part of the ongoing review.

Business Continuity Plans

A review of Council's Business Continuity Plans is currently underway as part of the broader review of Risk Management.

It is noted that Council's Business Continuity Management Policy is due for review in November 2020. As part of the review, Council officers will be seeking feedback from the Audit Committee in 2020 in relation to its current Business Continuity Plans.

It is noted that the effectiveness of Business Continuity Management was tested as part of the recent cyber-attack. The attack highlighted the need for a review of key plans in relation to cyber security.

3. Discussion

The Director Corporate Services advised that further discussions had been held between Council and Council's internal auditors in relation to the risk register leading up to the Audit Committee Meeting.

The Manager Governance informed the Committee that workshops have been undertaken with staff in each directorate over the past 4-6 weeks to identify risks and controls relating to their operational areas. Some staff have been proactive in inputting their own risks in the Risk Management System. As part of the process, controls and potential controls are also being identified and documented in the system. A review will be undertaken of the identified risks in 2020.

The Director Corporate Services advised that processes to improve Councils risk maturity commenced approximately 9 months ago to identify risks and controls to reduce the likelihood or the consequence impacts.

The Committee expressed concern over the number of extreme risks and questioned if Council was comfortable with the consequence ratings as the "extreme" classification generally has "organisational ending consequences". The Director Corporate Services advised the Committee that the system does not analyse residual consequence once controls are in place and further analysis will be undertaken. Council will continue to bring the risk reports to Audit Committee to test assumptions.

The Committee noted tasks were being identified and reported and that the risks were well documented and articulated.

Clarification on the saleyards risk was sought. The CEO informed the Committee that quality audits of saleyard operations occurred during 2015/16 and the saleyards risks had been identified and documented based on the same.

The response to a question regarding risk number 79 (unsupported servers) was that Council has removed legacy systems where possible and a solution with the vendor is being sought for the remaining system.

The Committee requested that information provided by the Director Works and Technical Services be added into the control measures at risk number 74.

The Committee also queried the level of detail in the register (i.e. the risk of water pipes bursting and falling tree branches) and suggested that it may be good to "roll up" any specific risks into a broader higher level risk to enable the Committee to focus on high and extreme risks.

7.12 LEGISLATIVE COMPLIANCE

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Compliance Register - Nov 2019

RECOMMENDATION

That the Audit Committee to note the Legislative Compliance report.

Executive Summary

1. Purpose

A legislative compliance register has been developed, containing items for compliance pursuant to the *Local Government Act 1989* and associated regulations. Inclusion of items for compliance to other legislation is being added progressively as these items are identified.

2. Key Points / Issues

The Legislative Compliance Framework places the responsibility on individual departments to identify compliance items and to notify the Governance Team for inclusion into the register. The register also provides for identification of items of compliance / non-compliance, and a review of due dates, in accord with the Act and best practice, which in effect, provides Council with a gap analysis to ensure that all the key elements under same are met. Overdue items and items due within 3 months are reported to the responsible staff.

The register is reviewed regularly and is still being developed. It does not contain all compliance items at this stage, and where evidence of completion of item has not yet been located or provided, the report will show the item as non-compliant.

The register forms the basis of a legislative compliance framework and will expand to incorporate Council's obligations pursuant to other legislation and standards.

3. Discussion

The Governance Officer informed the Committee of the actions that have been undertaken to identify compliance items and their status. The Legislative Compliance report shows compliant, near due and overdue items using a 'traffic light' methodology highlighting the items that need the most attention. The Committee was also informed that Council is trialling specific compliance software.

7.13 VAGO REPORT ON COUNCIL LIBRARIES

Author's Title: Director Community Development

Department: Community Development

File No: FM/09/02

Attachments: 1 VAGO - Report on Council Libraries

RECOMMENDATION

That the Audit Committee Meeting note the attached VAGO report on Council Libraries

1. Purpose

This audit examines whether councils and RLCs deliver services efficiently and effectively. It used library data to identify whether shared services are more efficient, and assessed how well selected councils plan, monitor and review their library services to ensure maximum efficiency and effectiveness.

The selected library services were:

- Alpine Shire (Alpine), part of the High Country Library Network (HCLN)
- City of Boroondara (Boroondara)
- Buloke Shire (Buloke)
- Eastern Regional Libraries Corporation (ERLC)
- Mornington Peninsula Shire (Mornington).

Also examined were the roles of Local Government Victoria (LGV), which is part of the Department of Environment, Land, Water and Planning (DELWP), and the Municipal Association of Victoria (MAV) in driving statewide and local service improvements.

2. Key Points / Issues

The Report, which was released in November 2019, identified a number of areas for improvement in the Buloke Library Service. Some of these recommendations have already begun implementation. The report also offers findings from all the services reviewed and the opportunity to learn and adapt as the Buloke Library Service continues to establish itself. It is beneficial to receive this report following the first twelve months of the Library Service delivery to set best practice going forward.

An action plan to address the recommendations can be found on page 63 of the attached report. These now form part of Buloke's ongoing audit action list.

The recommendations are:

1. Improve library service planning by:

- Documenting service plans.
- Conducting detailed and regular community consultation to understand community expectations for library services.

Buloke Shire Council Audit Committee Meeting Minutes

Wednesday, 4 December 2019

- Linking delivery of library services to identified community needs and overall council objectives (see Sections 3.3 and 3.4).
2. Identify the full costs of their library services, including indirect costs, to inform benchmarking, planning and monitoring services (see Section 3.2)
 3. Work with Public Libraries Victoria to ensure the cost data it reports as part of its annual survey is consistent and comparable (see Section 3.2)
 4. Investigate ways to achieve cost efficiencies such as through alternative library service delivery models, shared service arrangements or outsourcing (see Section 3.6).

3. Discussion

The Director Community Development advised the audit has given Council the opportunity to see where it has been and has also provided an opportunity to measure its costs and community benefits moving forward.

The Committee noted that it may have been difficult (and possibly unfair) for the auditor to compare a new service against services that had been established for a much longer period of time, particularly in terms of the Buloke model and by only having 12 months of costings. However, it was noted that there are still opportunities for improvement and for Council to share services.

7.14 FRAUD AND CORRUPTION CONTROL - LOCAL GOVERNMENT

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Letter to Minister For Local Government

RECOMMENDATION

That the Audit Committee note Council's self-assessment and proposed initiatives in relation to the 2019 Fraud and Corruption Control – Local Government Report recommendations.

1. Purpose

The objective of the 2019 *Fraud and Corruption Control – Local Government* independent assurance report by VAGO was to determine whether local councils' fraud and corruption controls are well designed and operating as intended.

2. Key Points / Issues

An initial report to the Audit Committee on Council's self-assessment against the key recommendations contained within the report was tabled at the 2019 September Audit Committee meeting. The purpose of this report is to identify what, if any, additional findings and recommendations are relevant to Council's operations and how Council intends to address them.

A copy of the initial summary presented to the Audit Committee has been attached to this report for reference.

Initiatives already undertaken or in train which align to the recommendations contained within the report include:

- Recent review of Council's Code of Conduct for Staff, which is designed to support a strong culture of integrity and transparency in staff decisions and actions
- Review of Council's Fraud Prevention and Reporting policy, presented to Council's Audit Committee at the 2019 December meeting
- Review of Council's Protected Disclosure policy and procedures in accordance with the *Protected Disclosure Act 2012*
- Adjustments to the expense reporting for Councillor expenses in the 2018/19 Annual Report to ensure compliance with the current Regulations. It is noted that meal purchases by staff for Councillors have historically been captured as Councillor expenses and included in Council's Annual Reports
- Continued internal review of reports released by integrity agencies (VAGO, Local Government Inspectorate, IBAC and Victorian Ombudsman) against Council practices to ensure mandatory requirements are complied with, and opportunities to implement best practice processes are considered
- Biannual internal review of staff delegations, including financial delegations
- Introduction of 'lunch and learn' program which focusses on communicating key risk and governance frameworks and controls to all staff, including fraud and corruption
- Drivers handbooks are located within each Council-owned vehicle
- Monthly independent checks on fuel use by Corporate Services

- Related Party Transaction policy and KMP information included in Council's Annual Report
- Returns procedure established and adopted
- Drug and Alcohol policy which identifies the limited circumstances within which Council will pay for alcohol, i.e. authorised Council functions (as determined by the CEO) such as annual Christmas party
- Use of auction clearing houses/trade-ins for disposal of Council owned plant and equipment

Key initiatives which will be taken in response to the report (in addition to those outlined in Council's letter to the Minister for Local Government) include:

- Introducing 'spot checks' of reimbursement forms for Councillors and staff by Director Corporate Services, including comparison of purchases against approved leave periods
- Introducing log books for use by Councillors when they are required to use their private vehicle for Council related business
- Regular annual review of whether assigned corporate cards are required by staff, for example reviewing whether they are primarily used for purchases where an existing account with a business is in place
- Review, and amend as necessary, examples of inappropriate use contained within the Corporate Card policy as part of the next scheduled review
- Consider opportunities to introduce performance report annually to the senior leadership team in relation to corporate card transactions
- Reviewing Council's exit processes on an annual basis to ensure weaknesses identified in the report in relation to corporate cards are not present at Council, including failure to provide notification of exit dates of corporate cardholders
- Review of Council's Audit Committee Charter in 2020 to incorporate any new requirements under the foreshadowed Local Government Act and associated Regulations
- Consider options to introduce mandatory PIN use (noting that in some instances these would not provide additional adequate controls for vehicles provided for general use) and blocking certain fuel types.

Discussion

The Director Corporate Services informed the Committee that the self-assessment against the 2019 Fraud and Corruption Control Report follows on from the letter Council sent to the Minister for Local Government - Hon Adem Somyurek MP which was tabled at the last Audit Committee meeting. As a result of the self-assessment there are a number of additional controls Council is considering (and which have been included in the Action Items) and a number have already been considered in reviews of existing policies and processes.

The Committee recognised that a number of the items in the report have already been addressed.

In response to a question regarding exception reporting for fuel cards the Director Corporate Services informed the Committee that fuel card transaction reports are provided monthly and are actively monitored by the procurement officer.

The Committee requested that strategic and financial policy reviews be included on the annual work plan. The Committee also suggested that it may be helpful to see an agenda policy tracker.

7.15 SPECIAL REPORT ON CORRUPTION RISKS ASSOCIATED WITH PROCUREMENT IN LOCAL GOVERNMENT

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/09/02

Attachments: Nil

RECOMMENDATION

That the Audit Committee note the comments from Council in relation to the key corruption risks identified in the Independent Broad-based Anti-corruption Commission (IBAC) released the *Special report on corruption risks associated with procurement in local government* in September 2019

1. Purpose

The Independent Broad-based Anti-corruption Commission (IBAC) released the *Special report on corruption risks associated with procurement in local government* in September 2019.

2. Key Points / Issues

Council Officers have reviewed the report, with a view to identify key learnings and improvement opportunities for Council operations. A workshop for managers and specified staff regarding key findings and issues within the report will be facilitated by Macquarie Lawyers on 5 December 2019. It is noted the recently released Local Government Inspectorate report, *Protecting integrity: Yarriambiack Shire Council Investigation* also identifies key vulnerabilities in relation to procurement risks. A further report will be prepared for consideration of the Audit Committee in 2020 regarding these findings and their application to Buloke Shire Council.

Comments against key corruption risks identified within the report are outlined below.

Sourcing Suppliers

1. Compliance with competitive process requirements
 - Council's Procurement policy is reviewed annually, and its financial delegations are scheduled for review on a biannual basis. Exemptions requested under the Procurement policy are subject to approval by the Chief Executive Officer, and evidence (as specified within the Procurement policy) must be provided as part of the exemption request. It is noted Macquarie Lawyers provided feedback as part of the Procurement policy review undertaken by Council in 2017/18 year.
 - Cumulative spend of all current suppliers is reported to the executive team on an annual basis.
 - Panel arrangements are in place for some contract works. Works are allocated to panel members on a discretionary basis. This represents an opportunity for improvement.
 - Council's new requisition system requires Council staff to provide explanation where there is a mismatch between purchase orders and final invoices. Explanations are subject to individual review by the Manager Finance. Reporting to the Senior Leadership Team of invoices received without purchase orders has commenced in the 2019/20 year.

- Council Officers have recently re-assessed key findings highlighted in the 2015 IBAC *Local government: Review of council work depots* report, noting that works depots are the primary purchaser of large amounts of low-value purchases. Action is being taken by Council's Director Works and Technical Services to ensure controls are appropriate to the level of risks associated with this report
2. Conflict of Interest
- Conflict of Interest policies are outlined in Council's Code of Conduct and Procurement policy.
 - Council has recently introduced a conflict of interest register, and a form to support declarations of conflicts of interest (including examples and prompting questions) is being developed.
 - Council has commenced training and communication regarding processes for identifying, declaring and managing a conflict of interest, including remedies where these requirements are breached. Training and communication will be reviewed at least annually, and may be linked to other key policy document reviews, for example the Procurement policy.

Internal Controls

1. Segregation of duties and rotation of employees
- Council's annual review of its Procurement policy takes into account the LGV Guidelines as part of the review. The model provisions in the LGV Guidelines are replicated within Council's policy document.
 - The Director Corporate Services is creating, through FTE savings made in other areas, a Procurement Officer position. The remit of this position will include mapping out the end-to-end procurement process and reviewing opportunities to further strengthen procurement controls within Council.
 - Council's executive team receives monthly leave liability reports to monitor leave balances and ensure staff are regularly taking accrued leave. While the key reason for this practice is to ensure staff are 'refreshed' and to reduce Council's financial liability, it is noted that another objective is to reduce the likelihood of fraud and corrupt practices.
2. Information Management
- Council has an established EDRMS in place, and in 2018 developed its first Records Management Strategy which establishes key actions, policies and training which will be undertaken over the next three years.
 - Council has participated in the MAV ECM Step program and responsibility for actioning key findings under the same has been allocated
 - Tenders are conducted via an e-tender portal which restricts access until the advertised closing date and time. Evaluation panel members are required to sign confidentiality agreements prior to receiving documents.
 - Restricting access to certain documents (for example, proposed costings) and auditing submission file access are identified as opportunities for improvement.
3. Financial monitoring
- Financial reporting in place is outlined earlier in this report. With the advent of new financial management systems, opportunities for stronger reporting (e.g. cumulative spend against purchase orders) are being reviewed. Anecdotal evidence suggests use of contingency funds in capital works is common, due to increased costs associated with Buloke's location.
4. Audits
- Value of audits, particularly for a small rural council like Buloke, cannot be underestimated. Council's internal audit program is based on an assessment of risk, and regular reports are provided to the Audit Committee regarding audit outcomes.

Ethical Culture and Leadership

1. Setting an example
 - Council's executive team and its management team are continuously looking at opportunities to improve accountability, transparency and integrity. Examples of initiatives taken in respect of these values are outlined above.
2. Communication, awareness and commitment
 - Council is undertaking a full review of its corporate training calendar, and seeks opportunities to introduce new and different methods of communication, training and awareness, including via the introduction of the 'lunch and learn' initiative.
 - Opportunities to utilise the MAV e-learning module *Doing business with local government* are being reviewed

Complaints and Investigations

- Council Officers are in the progress of finalising a Complaints Handling policy to be presented at the 2019 December Council meeting.
- Council has a Protected Disclosure policy and procedure in place, and information sessions for staff on the policy and process are programmed to occur in 2020.
- Council's Disciplinary Action policy and procedure were reviewed in 2019, and feedback was sought from Maddocks Lawyers in the development of same
- Due to the size of the Council workforce, Council typically outsource investigations where allegations of serious misconduct are received.

3. Discussion

The Director Corporate Services informed the Committee the IBAC report provides specific details of issues identified at several Councils. This report shows what actions Council is taking in response to the IBAC report.

The Committee commented that this is a very useful report and would like the IBAC report link circulated to the members prior to the review of the Procurement policy. The Committee noted that issues were likely to arise where there is no monitoring and enforcement of Council policies and procedures.

The CEO informed the Committee that a workforce training program to improve knowledge of employees has commenced. A fraud and corruption workshop will occur with key staff on 5 December 2019.

7.16 DRAFT 2019/20 FORECAST AND 2020/21 BUDGET TIMETABLE

Author's Title: Director Corporate Services

Department: Corporate Services

File No: FM|02|09

Attachments: 1 Draft 2019/20 Forecast and 2020/21 Budget Timetable

RECOMMENDATION

That the Audit Committee Meeting note the draft 2019/20 Forecast and 2020/21 Budget Timetable

1. Purpose

Council produces a forecast and budget timetable so that all stakeholders are aware of their obligations and the timeframes in which they need to complete the in order for Council to meet is requirements under the Act.

2. Key Points / Issues

The forecast and budget timetable has been prepared to allow sufficient time for Councillor briefings and input, and to ensure the community has time to consider the key initiatives proposed within the 2020/21 budget prior to the draft budget being placed on public exhibition.

As part of this process the Strategic Resource Plan and Long Term Financial Plan will also be reviewed and updated to take into account this budget and the Council Plan.

A hard copy of the draft 2019/20 Forecast and 2020/21 Budget Timetable will be provided at the Audit Committee meeting.

3. Discussion

The Committee noted the timetable and was informed that Council is not looking for a special rate variation as part of its forecasting.

Work on the 2020/21 budget has commenced with the Manager Finance having already conducted an initial workshop.

The budget timetable has been prepared to ensure sufficient time for public consultation occurs, as required under s223 of the *Local Government Act 1989*.

7.17 CEO CORPORATE CREDIT CARD EXPENDITURE

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/09/02

Attachments:

1	Bank Reconciliation
2	CEO Card Transactions - Payable Invoice Detail
3	Statement Exceptions

RECOMMENDATION

That the Audit Committee note the report on CEO Corporate Card Expenditure.

1. Purpose

As part of Council's review of the Victorian Auditor General's Report on *Fraud and Corruption Control – Local Government*, a recommendation was made that LGA's ensure the council's chief financial officer or equivalent approves chief executive officer expenditure and reports all expenditure by, or on behalf of, the chief executive officer to the Audit and/or Risk Committee and/or the council for periodic review.

2. Key Points / Issues

The self-assessment undertaken by Council in relation to this recommendation acknowledges that although CEO Corporate Card expenditure is subject to review and sign off by the Mayor, Director Corporate Services and Manager Finance, expenditure is not reported to Council or Council's Audit Committee.

In response to the recommendation in the Report, Council advised that it would commence periodic reporting of CEO Corporate Card expenditure to the Audit Committee.

The attached statements show the transactions incurred on the CEO Corporate Card from 1 July 2019 to 27 November 2019.

3. Discussion

The Committee noted the report of CEO corporate card transactions. The CEO corporate card is a debit card.

The Committee requested that the inclusion of the report be added to the work plan with quarterly reviews.

The CEO informed the Committee that the card is kept separate from personal cards to minimise risk of accidental use. The CEO also informed the Committee that a review will be undertaken to change the way CEO expenditure occurs with a view to moving to a reimbursement system rather than have a debit card. Transactions will still be reported to Audit Committee.

7.18 FINANCIAL PERFORMANCE AS AT 31 OCTOBER 2019

Author's Title: Governance Officer

Department: Corporate Services

File No: FM09/02

Attachments:

- 1 Income Statement October 2019
- 2 Balance Sheet October 2019
- 3 Cashflow Statement October 2019
- 4 Capital Works Program October 2019
- 5 Cashflow Forecast October 2019
- 6 Cashflow Chart October 2019

RECOMMENDATION

That the Audit Committee notes Council's Financial Performance Report for the month ending 31 October 2019.

1. Purpose

This report is in draft and yet to be formally noted by Council.

The **Income Statement** provides a summary of the total income and total expenditure relating to Council's annual operations. Capital grant income is included in the calculation of the Council's total surplus/(deficit) but is presented separately to distinguish operational activities. Capital grant income is specifically used to fund expenditure on Council assets which is reported on the balance sheet.

The reported surplus as at 31 October 2019 is \$9.23m. Excluding capital grant income of \$1.87m, the operating surplus is \$7.36m. This operating surplus is lower than budget (surplus \$7.74m) which is now largely due to the timing of the December 2018 flood event funding and related expenditure which were planned in September/October.

The **Balance Sheet** summarises the value of Assets (what we own) and our Liabilities (what we owe), and the difference between assets and liabilities (Net Assets or Equity) reflects our net worth. Council's net worth as at this accounting period is \$282m due to the recognition rate income at this early stage of the financial year. Net worth is anticipated to decrease to \$279m by 30 June 2020 as budgeted expenditure occurs (\$273m as at 30 June 2019).

The **Cashflow Statement** reflects actual results for the year to date (July – October) in line with statutory financial reporting. At 31 October 2019, Council's Cash and Cash Equivalents were \$17.33m.

The **Cashflow Forecast** is a projection of cashflow for the remainder of the year based on the cash balance as at 31 October, the monthly budgets and specified timing parameters (such when BAS/super are due and quarterly rate receipts). **Cashflow following the \$7m**

Page 32

loan repayment in early November remains strong at \$10.91m on hand at the date of this report.

The **Cashflow Chart** visually depicts the cashflow forecast and the updated format is illustrated in a dual design, based on best practice reporting.

The cashflow chart shows:

1. The line graph to reflect the ending bank balance each month for the year to date and a projection of the ending bank balance for the rest of the year.
2. The column graph which summarises what is expected to happen during each month's cashflow to explain the change in the bank balance. For example, in November the large pay out of the loan (shown by the negative cashflow red block) will significantly decrease the bank balance. Conversely, the following months show income (positive green cashflow blocks) exceeds expenses and asset expenditure (negative blue cashflow blocks) leading to some increase of the bank balance.

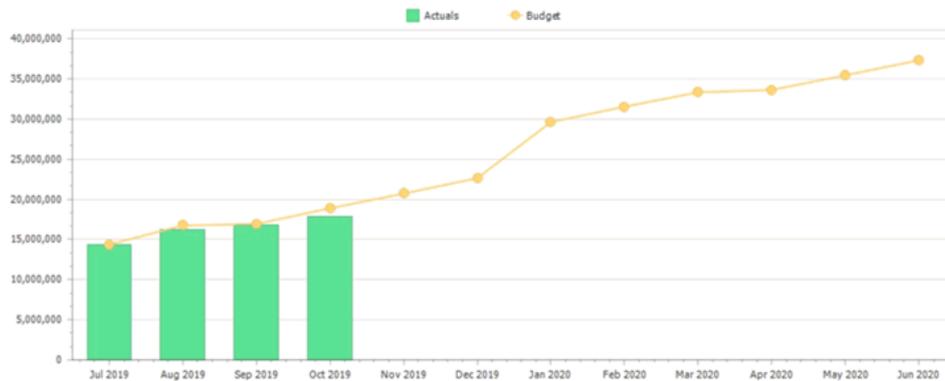
The bank balance is expected to remain positive throughout the 2019/20 financial year.

The **Capital Works Program** depicts \$4.3m of the annual capital works budget of \$11.754m has been expended or committed during July to October. Progress of project completion is detailed by percentage.

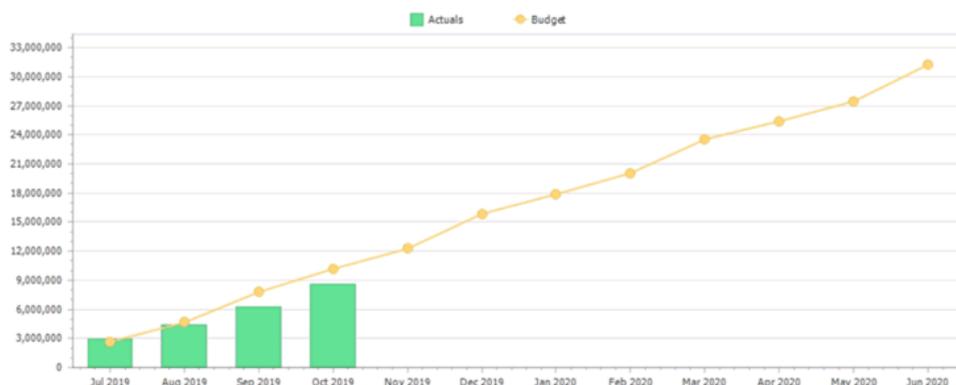
Financial Implications

The tables below provides an overview of Council's financial performance as at 31 October 2019

Accumulated Income to Budget — Buloke Shire Council



Accumulated Expenses to Budget — Buloke Shire Council



The following commentary is provided:

a. Total income - less than budget due to:

- Upfront payment of the FAG in June 2019 (down \$1.5m)
- Delay with December 2018 Flood event funding (down \$1.25m)
- Partly offset by capital contributions received for the Donald Community Precinct included in the 2018/19 budget (Up \$0.5m)

b. Total expenses - less than budget due to:

- Delay with December 2018 Flood event funding (down \$1.25m)

c. Operating Surplus - Lower than budget expenditure has partly offset the impact of lower than budget income reducing the total operating surplus variance actual to budget to less than 5%

2. Community Consultation

No consultation with the community was required for the production of this report.

3. Internal Consultation

The reports have been prepared in consultation with the budget managers directly responsible for Council budgets.

4. Legislative / Policy Implications

The report is consistent with the requirements of the *Local Government Act 1989*.

5. Environmental Sustainability

This report has no direct impact on environmental sustainability.

6. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

7. Conclusion

The year to date surplus is impacted by the timing of the FAG and the December Flood event funding/expenditure. This variance to budget is expected to be resolved in the half yearly reforecasting when project timing can be updated.

2. Discussion

The Manager Finance informed the Committee that the formats of the reports have changed following the implementation of a new financial system. Reports are now produced directly out of the system with no manipulation in other programs such as excel and they can be consistently replicated.

The results for operating is less than the expected surplus. This is uncharacteristically skewing the budget. Reforecasting is expected to provide a better indication on how this will look. The finance team is currently working with budget managers to establish which months Council revenue / expenditure is expected.

There was a discussion regarding the Cash Flow Statement centred around the budget income and whether the cash flow provided a true reflection. The Manager Finance indicated that the current cash flow is partially inherited from the previous system and methods, however within 12 months of the new system in place the cash flow and forecasting issues will be resolved so that there can be greater confidence in the cash position at the end of the year.

7.19 AUDIT COMMITTEE CHARTER

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Audit Committee Charter 2019

RECOMMENDATION

That the Audit Committee note the Buloke Shire Council Audit Committee Charter adopted by Council at its November 2019 Ordinary meeting.

1. Purpose

The Audit Committee Charter (which was adopted in 2017) was provided to the Audit Committee for feedback at its September 2019 meeting as part of Council's review of the Charter.

2. Key Points / Issues

Following that meeting, the Charter was reviewed, taking into account the Audit Committees feedback. In addition, the other considerations incorporated as part of the review included:

- Clarification around the reimbursement of out of pocket and travel expenses of independent members to bring the Charter in line with Council's Reimbursement of Expenses Policy.
- Clarification around reimbursement of interstate travel where an independent member resides outside of Victoria.
- A requirement for independent members to attend at least 75% of meetings per annum in person.
- Clearer guidelines for the attendance of Council's Internal and External Auditors at meetings.
- The ability of the Audit Committee to appoint an Acting Chair, where the Chair appointed by Council is unavailable to attend an Audit Committee Meeting.
- Documented expectations around the requirement for Audit Committee Members to complete returns of interest and to declare conflicts of interest.

The reviewed Charter was adopted by Council at its November 2019 Ordinary Meeting. A copy is attached to this report.

A review of the 2019 Charter is currently programmed in 2 years' time, however, the provisions of the *Local Government Bill* may require this review date to be brought forward.

3. Discussion

The Committee indicated they are satisfied with the Charter and requested that a copy of the Charter be sent to the Committee members.

The CEO advised the Local Government Bill is currently progressing through parliament and if passed, may result in an earlier review of the Charter.

7.20 AUDIT COMMITTEE SELF-ASSESSMENT SURVEY

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 2019 Audit Committee Self-Assessment survey results

RECOMMENDATION

That the Audit Committee Meeting note:

The feedback received from the 2019 Audit Committee Self-Assessment Survey

1. Purpose

In accord with the Audit Committee Charter, an Audit Committee self-assessment survey was undertaken from 18 October 2019 to 15 November 2019. Council's Audit Committee members and Councillors were invited to participate in the survey.

2. Key Points / Issues

The survey is designed to ensure the Audit Committee has the opportunity to self-evaluate and receive feedback on its performance over the preceding twelve months, and considers:

- Its effectiveness as an Advisory Committee to the Buloke Shire Council;
- Areas for improvement, and ensuring plans to support improvement are developed; and
- Compliance with the Charter.

The survey was issued to members of the Audit Committee and Councillors. The survey is optional for Councillors. Two responses were received from Audit Committee members. No responses were received from Councillors. The final survey results are attached to this report.

The survey data highlights a slight increase in the Audit Committee's view of its overall performance during 2019.

When compared to the 2018 survey, the 2019 survey indicates a slight decrease in:

- Internal Audit;
- Internal Control;
- External Audit; and
- Reporting responsibilities.

The specific areas of these decreases are:

- Systems and activities to ensure reliable financial reporting and management information and reflects appropriate accounting principles;
- Monitoring and reporting on systems and activities to ensure appropriate application of accounting policies;
- Scope of internal and external audit reviews of internal controls over financial systems;

- Reviewing the performance of internal audit, giving consideration to standards;
- Recommending internal audit appointments to Council and reviewing internal audit charter, activities, staffing and organisational structure of internal audit function;
- Approving the internal audit program;
- Monitoring and reporting on systems and activities to ensure the effective and efficient external audit functions;
- Reviewing the effectiveness of the annual external audit;
- Meetings that allow audit committee members to raise any issue they believe relevant with management and/or auditors; and
- Meetings conducted to allow for open, frank and robust discussions of all matters raised.

In 2017 and 2018, the areas where the Audit Committee survey respondents advised they believed performance could improve and which currently remain as areas where satisfaction has continued to slightly decrease over a 3 year survey period include:

- Internal Audit;
- External Audit; and
- Reporting responsibilities.

It should be noted that responses to several questions from the 2019 survey showed an extreme disparity in survey results, which may be due to the limited number of responses to the survey. This has led to the data being significantly skewed as a result, i.e. responses ranged from 1 to 9 for the same question. This occurred for 2 questions under internal audit including:

- Review the performance of internal audit; and
- Audit committee has recommended internal audit appointments, reviewed internal audit charter, activities and staffing.

It also occurred in the external audit category for:

- Reviewing the effectiveness of annual external audit.

Despite the limited number of responses to the 2019 survey, the responses received indicate the Audit Committee are effective in working with management and internal auditors in order to review and monitor corporate governance.

3. Discussion

The Committee had reviewed the self-assessment results and recognised several discrepancies, particularly in 2 questions for internal audit and 1 question in external audit but understood the rationale as to why this occurred. To prevent this from occurring next year the Committee requested an amendment to the work plan to include in-camera sessions with internal and external audit in May 2020. The Chair indicated that the work plan was a good tool for review when undertaking the self-audit.

8. ANY OTHER BUSINESS

9. MEETING CLOSE

The meeting was closed at 4:45pm.

8.3.2 DRAFT AUDIT COMMITTEE MEETING MINUTES 5 FEBRUARY 2020

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 [↓ Draft Audit Committee Meeting Minutes 5 February 2020](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council notes the draft Minutes of the Audit Committee meeting held on 5 February 2020.

1. Executive Summary

The Audit Committee is a statutory committee of Council which considers matters of governance, finance and risk management. The Committee is comprised of three independent members and the Mayor. The Committee provides advice on the integrity and effectiveness of Council's financial reporting and risk management system.

2. Discussion

At its 5 February 2020 meeting, the Committee considered the following matters:

- Outstanding Actions
- Audit Committee Work Plan
- Internal Audit – Grant Acquittal Audit
- Internal Audit Update and Draft Internal Audit Plan 2020-2022
- Draft Procurement Policy
- Draft Fraud and Corruption Reporting Procedure
- Asset Management status update
- Risk Management
- Legislative Compliance
- Local Government Inspectorate Review: Yarriambiack Shire Council
- CEO Corporate Card Expenditure
- Draft Financial Performance as at 31 December 2019

3. Financial Implications

The cost of the Audit Committee function is incorporated into the 2019/20 Annual Budget.

4. Cost Shift Considerations

There are no cost shift implications associated with the Committee.

5. Community Consultation

Not applicable.

6. Internal Consultation

Councillors and senior staff are invited to attend, and present as required to at Committee meetings. Recommendations from the Committee are communicated to relevant staff members for action.

7. Legislative / Policy Implications

Council is required under the *Local Government Act 1989* to create and maintain an Audit Committee.

8. Environmental Sustainability

Not applicable.

9. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

10. Conclusion

The draft Audit Committee minutes are attached for the information of Council.



AUDIT COMMITTEE MEETING

MINUTES

Wednesday 5 February 2020

Commencing at 1:00pm

Wycheproof Supper Room

367 Broadway Wycheproof

**Anthony Judd
Chief Executive Officer
Buloke Shire Council**

ORDER OF BUSINESS

1. WELCOME

The Chair opens the meeting and welcomes those present.

2. RECEIPT OF APOLOGIES

David Pell (AASB Audit)

3. ATTENDEES

Jessica Adler (Chair), Margaret Abbey PSM (Member), Dean Sleigh (Member), Cr Carolyn Stewart (Mayor), Anthony Judd (CEO), Hannah Yu (Director Corporate Services), Aileen Douglas (Manager Finance), David Pollard (Councillor), Bronwyn Simpson (Councillor), Kathie Teasdale (RSD Audit), Brad Dowsey (AASB Audit), Wayne O'Toole (Director Works and Technical Services), Rose Harris (Director Community Development), Zoe Watts (Manager Governance), Jen Hewett (Governance Officer)

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

MOTION:

That Council adopt the Minutes of the Audit Committee Meeting held on Wednesday, 4 December 2019.

MOVED: MARGARET ABBEY PSM

SECONDED: MR DEAN SLEIGH

CARRIED.

Minutes were confirmed and signed by Chair.

5. CHIEF EXECUTIVE BRIEFING

Briefing by Chief Executive Officer to the Audit Committee Meeting including any legal matters.

The Audit Committee was briefed on the following matters;

- There are currently no legal risks
- All issues involving VCAT have been resolved
- A meeting has been held with Vision Super, currently there are 4 staff remaining in the defined benefits scheme, and Vision Super has indicated that Council should be prepared for a call on the scheme.
- The Rural Council Transformation project is due to provide a report to LGV in March 2020. Currently the project is considering payroll, finance, accounts payable. Records to be removed from the project and replaced with rating and property.
- Forecasts are being finalised and work has commenced on developing the 2020-21 budgets. Finance is working towards the capture of full costs to providing services.
- An anti-corruption workshop was conducted by Macquarie Lawyers in December last year, with a significant number of staff attending. Council have also asked the Local Government Inspectorate to run a session with staff and Councillors.
- LGV are conducting information sessions for conflict of interests. Council is finalising a conflict of interest reporting procedure for staff.
- The Local Government Bill is expected to be passed in February 2020. A number of plans and strategies will need to be developed as a result.

Buloke Shire Council Audit Committee Meeting Minutes

Wednesday, 5 February 2020

- Waste and Recycling remains an issue. A circular economy state-wide policy is due to be released soon. This policy will affect curb side waste collection. A multi-Council tender has resulted in a non-award of contract. Council will now negotiate a contract extension with the current provider. Options exist within the current contract to do this.

The Audit Committee questioned the status of the aged care reforms. The Audit Committee noted the response that a brief is due to Council within the next month. Officers are to meet with Commonwealth Home Support Program to understand the exit process, however Council is not yet ready to make a decision.

6. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST

There were no declarations of interest.

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.1	OUTSTANDING ACTION ITEMS	4
7.2	AUDIT COMMITTEE WORK PLAN REVIEW	5
7.3	INTERNAL AUDIT - GRANT AQUITTAL AUDIT	6
7.4	INTERNAL AUDIT UPDATE 2017 - 2019 & DRAFT INTERNAL AUDIT PLAN 2020 - 2022	7
7.5	DRAFT PROCUREMENT POLICY	8
7.6	DRAFT FRAUD AND CORRUPTION REPORTING PROCEDURE	9
7.7	ASSET MANAGEMENT UPDATE	10
7.8	RISK MANAGEMENT	12
7.9	LEGISLATIVE COMPLIANCE	13
7.10	LOCAL GOVERNMENT INSPECTORATE REVIEW - YARRIAMBIACK SHIRE COUNCIL	14
7.11	CEO CORPORATE CARD EXPENDITURE	15
7.12	DRAFT FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2019	16

9. ANY OTHER BUSINESS

10. MEETING CLOSE

NEXT MEETING

THE NEXT AUDIT COMMITTEE MEETING WILL BE HELD IN CHARLTON DISTRICT OFFICE

1 HIGH ST, CHARLTON ON WEDNESDAY, 6 MAY 2020 AT 2:00PM.

Anthony Judd
CHIEF EXECUTIVE OFFICER

7. MATTERS FOR DECISION / DISCUSSION / NOTING

7.1 OUTSTANDING ACTION ITEMS

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Outstanding Action Items

RECOMMENDATION

That the Audit Committee Meeting note the status of the outstanding action items and approves the completed actions.

Purpose

The attachment to this report contains outstanding actions from internal and external audits and regulatory reports and provides their current status. It identifies the source of the action, whether from an audit or regulatory report. Direct request from the Audit Committee are shown in the Items arising report.

Council staff are required to provide updated commentary and to advise when an action is complete. Once completed items are to the satisfaction of the Audit Committee, the action will be removed from the report.

Current comments are indicated by red font.

Discussion

The Audit Committee noted the report and commented on the number of actions. The Committee recommended that Council concentrate on the higher risk actions and consider if the time frames are realistic. The CEO agreed Council should be realistic about the timeframes when the reports are first received or considered.

Item 1 – the Director Works and Technical Services advised that Council has draft planning policies and procedures, however work is being undertaken with DELWP with respect to the Better Approvals program.

Item 15 – a long term plant and asset replacement strategy is in draft. A working group was initiated in January to drive the strategy to finalisation. This item should be finished by the next Audit Committee meeting.

Item 17 – plant and Fleet policy is in progress, however is quite complex. Work on this is moving forward.

Item 29 – the Committee asked if this action was on target for its due date. The Director Community Development indicated that a significant amount of progress has been made and community library surveys, of which approximately 300 were returned, are to be assessed to be incorporated into the library service plan.

Item 39 – revised reimbursement claim forms will be finalised by the end of February.

The Chair advised acceptance for the items marked as complete.

7.2 AUDIT COMMITTEE WORK PLAN REVIEW

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Audit Committee Work Plan 2020

RECOMMENDATION

That the Audit Committee review the work plan.

Purpose

The work plan incorporates all matters that have been considered or will be considered by the Audit Committee over a twelve-month period. It has been laid out to include matters outlined in the Audit Committee Charter that has been reviewed by Audit Committee and adopted by Council on 13 November 2019.

The attached annual work plan has been populated to show the status of current documents and processes, and key documents and initiatives to be to be considered within the 2020 meeting schedule, that are known.

The work plan is a dynamic document; it will be reviewed and adjusted at each meeting of the Audit Committee and additional items added as they become known.

Discussion

The work plan has been updated to reflect the changes requested at the Audit Committee Meeting held in December 2019. Further changes will be made consequent to the Local Government Bill 2019, which is currently before Parliament.

Timing of information to councils from LGV regarding the implementation of the new Act was discussed. Rural Councils Victoria (RCV) are developing templates to support small rural councils as they don't have the resources to deal with the additional costs, and election costs.

Several changes to the plan were suggested:

- Under the heading of "Financial Report": "strategic and financial policy review" to include a review of internal controls and systems. This should encompass abnormal or complex transactions.
- Under the heading "Business Continuity" the Audit Committee suggested the Business Continuity Plan review be postponed until September 2020 and February 2021 given the May 2020 Audit Committee meeting has a full agenda.
- Under the heading of "Other responsibilities": in Camera sessions, it was requested that a review of internal and external auditor performance and council management performance and effectiveness be included.

7.3 INTERNAL AUDIT - GRANT ACQUITTAL AUDIT

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Grant Acquittal Audit Report

RECOMMENDATION

That the Audit Committee Meeting notes the Internal Audit – Grant Acquittal Audit from RSD Audit

Purpose

Council's Internal Auditors, RSD Audit, undertook a review of Council's Grant Acquittal processes in accordance with Council's Audit Plan.

The Internal Audit for Grant Acquittal Process was undertaken and received in November 2019. Actions arising from the report will be incorporated into the Action Items Report.

Discussion

The Audit Committee noted the report. Kathie Teasdale (RSD Audit) addressed the Audit Committee, informing them that Council staff were prepared and organised for the audit visit by having most of the documents ready and available.

During the audit it was noted that Council should ensure good record keeping procedures in relation to grants due to the broad number of staff undertaking activities, with different levels of knowledge and experience. It was also noted that the finance team have already commenced implementing a number of improvements.

Other observations during the audit included the difficulty in the internal cost allocation given staff often work on multiple projects at the same time and in doing so, should ensure they maintain accurate time sheets to improve on the allocation of staff costs. There was concern that the estimates of time people have spent on projects may not necessarily be accurate.

Good cost allocation processes enable Council to have a full understanding of costs associated with projects when making grant applications. It was also suggested that risks relating to grants should be included on the Risk Register.

The Audit Committee noted that the audit identified that planning and other regulatory documents relating to a project were not provided to the auditor. They were informed that a Project Management Framework is currently being developed where questions on regulatory approvals are required to be answered upfront.

A question was raised regarding the non-acceptance of the recommendation that Council consider additional reporting. The Audit Committee were informed that internal reporting is already undertaken on a monthly basis and resources to provide additional reporting is very limited. Kathie indicated the main risk to Council was around the documentation being available.

The risks and actions arising from the audit report will be including in the Outstanding Actions report.

7.4 INTERNAL AUDIT UPDATE 2017 - 2019 & DRAFT INTERNAL AUDIT PLAN 2020 - 2022

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Draft Internal Audit Plan 2020-2022

RECOMMENDATION

That the Audit Committee:

1. Notes the Internal Audit Update for audits approved for completion in 2017-2019; and
2. Notes and discusses the draft Internal Audit Plan 2020 - 2022

Purpose

In 2016 RSD Chartered Accountants ("RSD") were appointed by Council to provide internal audit services to Council for a period of 4 years (until 30 November 2020).

As part of this appointment RSD were requested to design a 3 year audit program. The 2017-2019 Audit Program was endorsed by the Audit Committee at its meeting on 28 April 2017.

An update on the completion status of the current Audit Program is provided.

At the December 2019 Audit Committee Meeting, as part of the internal audit update, the Audit Committee requested that a 3 year rolling internal audit plan be prepared.

RSD have prepared a draft plan utilising Council's current risk register (noting that the risk register is still a work in progress), knowledge of recent projects RSD are observing at other Councils and recent reports and areas of interest. A copy of the draft plan is attached for consideration by the Audit Committee.

Council is proposing to remove the audit of the "processes in relation to condition and valuation assessments for financial reporting purposes" from the proposed Building Maintenance Audit (audit no. 7), so that the Building Maintenance Audit takes an operational, rather than a financial focus.

Council is also mindful of the need to be flexible with the timing of the audits given a Council election will be held in October 2020 and the workload associated with the proposed new Local Government Bill.

It is proposed that the 3 year internal audit plan be reviewed annually.

Discussion

The Audit Committee noted the report and was informed that the Draft Internal Audit Plan was developed after a discussion in December 2019 between Council staff and RSD Audit with consideration being given to Council's risk framework. Projects were identified by combining a number of risks within Councils Risk Register.

It was noted that flexibility around planned dates is required given the changes that are likely to occur after the passing of the Local Government Bill 2019.

The Manager Finance indicated that Debt Management has become an issue due to loss of long term staff members and with respect to the accounting standard AASB15.

It was suggested the proposed audit for the Fraud and Corruption Framework be postponed to enable an audit for Debtor Management to be brought forward, as Council has been undertaking a number of educational activities in the fraud and corruption area.

7.5 DRAFT PROCUREMENT POLICY

Author's Title: Manager Governance

Department: Corporate Services

File No: CM/14/17

Attachments: 1 Draft Procurement Policy (v10)

MOTION:

That the Audit Committee endorses the attached Procurement Policy

MOVED: MARGARET ABBEY PSM

SECONDED: MR DEAN SLEIGH

CARRIED.

Purpose

Council is required to review and adopt its Procurement Policy at least once in each financial year in accord with s186A of the Local Government Act 1989 ("the Act"). The intent of the annual review is to ensure principles and key processes are consistent with best practice and good governance.

As part of the 2019 review, minor changes included the insertion of a section on quotations and an update to the definitions section and clarification around emergency management.

As part of the 2020 review it is proposed that:

- A statement be provided in relation to Council wanting to seek ways to promote social procurement and achieve positive social outcomes;
- A section be included on supplier panels to promote their use once a competitive public tender process has taken place in accord with the requirements of the Act; and
- A section around the handling of complaints be included to reflect the feedback provided in the Local Government Inspectorate Report *Protecting Integrity: Yarriambiack Shire Council*. The report recommended the development of a defined procurement complaints process. Council has recently adopted a Complaints Handling Policy and it is proposed that some additional guidance to staff be included in the Buloke Shire Council Procurement Procedure to support Council's handling of procurement complaints.

The procedural elements and financial delegations relating to the policy continue to be included in the Buloke Shire Council Procurement Procedure and in Instruments of Delegation.

A further review of Council's Procurement Policy is envisaged if the *Local Government Bill 2019* and any associated regulations are passed by parliament.

Discussion

The Audit Committee endorsed the policy. The procurement policy has been reviewed with only a few minor changes as outlined in the above report. Future changes may be required due to the expected passing of the Local Government Bill.

7.6 DRAFT FRAUD AND CORRUPTION REPORTING PROCEDURE

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/02/09

Attachments: 1 Draft Fraud and Corruption Reporting Procedure

RECOMMENDATION

That the Audit Committee note the revised draft Fraud Prevention and Reporting Procedure and provide feedback and advice to Council in the development of the procedure.

Purpose

At the December 2019 Audit Committee Meeting, the Audit Committee provided feedback on the revised draft Fraud Prevention and Reporting Policy ("the Policy"). The Policy is to be considered by Council at its Ordinary Meeting on 12 February 2020. The Policy is supported by a Fraud Prevention and Reporting Procedure ("the Procedure"). A draft of the revised Procedure is attached.

The Procedure has been amended to reflect the language used in the Policy, provides further clarification around reporting requirements by the CEO and the Mayor where there is suspected fraud or corruption or allegations of same, and reflects the change in name of legislation from the *Protected Disclosures Act 2012 (Vic)* to the *Public Interest Disclosures Act 2012 (Vic)*.

An evaluation of Council's fraud and corruption arrangements are to be undertaken every two years.

Discussion

The Audit Committee noted the report and the policy. Clarification was required regarding the procedure where allegations of fraud and corruption are made against the Mayor and Councillors. It was noted that in this situation the Ombudsman must be informed.

The Committee requested that the wording in the procedure regarding an "internal investigation utilising the Audit Committee" be removed. However it was noted that the Audit Committee should be advised of any reports on fraud and corruption.

It was also noted that in relation to Fraud and Corruption risk evaluation and treatment there should possibly a third category of 'unacceptable'. The Director Corporate Services indicated that the policy follows the current framework.

7.7 ASSET MANAGEMENT UPDATE

Author's Title: Director Works and Technical Services

Department: Works and Technical Services

File No: FM/02/09

Attachments: Nil

RECOMMENDATION

That the Committee note the contents of this report

Purpose

Previous internal and external audits conducted at Council have highlighted a number of concerns with its asset management processes and frameworks. Prior year open findings are incorporated into Council's regular Outstanding Action report.

The Audit Committee has requested separate key milestone reports to give a level of assurance to Council that recording and financial reporting of assets is progressing in accordance with Council's action plan. Council Officers propose a status report is presented to the Audit Committee on a quarterly basis.

Focus in the previous quarter has been on updating all of Council's Asset Management Plans.

Audit recommendations progress:

Internal Audit – Asset Management	M	WTS	The Asset Management Plan will be reviewed annually. A bi-annual review of action plans will be conducted to update status.	All Plans are currently being reviewed with 25% completed, target date for all plans to be complete is 30 June 2020.
Infrastructure team produce an asset maintenance plan/strategy for presentation to Council. Even though the budget for asset maintenance and replacement is quite limited, Council is currently unable to make informed decisions regarding this without all the scenarios demonstrating the impact of expenditure on the assets. Consideration should also be given to the best method of maintaining Council assets.	H	WTS		Roads and Urban maintenance plans are complete, buildings maintenance plans are in progress

Confirm rollout is ongoing, the application is being fully utilised in Works, Building Maintenance and Customer Service, Urban and Parks is targeted for rollout and training by end of 2020.

Discussion

The Audit Committee noted the report and were advised that due the short timeframe since the last meeting limited progress has occurred. The Building maintenance plan is in draft and is yet to be reviewed by the Senior Leadership Team.

7.8 RISK MANAGEMENT

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/02/09

Attachments:

- 1 Risk Audit Report- Extreme and High
- 2 Risk Register

RECOMMENDATION

That the Audit Committee Meeting note the Risk Management reports.

Purpose

Council and management is responsible for reviewing all major strategies and actions for their impact on the risk facing the organisation. Additionally, management is responsible for establishing and maintaining an effective system of internal control that supports the achievement of Council's objectives.

The risk register is a useful tool in providing an analysis of Council's key risks. It ensures there is a common and consistent understanding of risks facing Council. The register is also a means of communicating key risks to the Audit Committee.

Council is currently documenting the risks that exist within each directorate into Council's Risk Management System. This work is ongoing and the identified risks, the register they are sitting in, controls and tasks will be further refined as part of the ongoing review process over the coming months.

The Risk Audit Report attachment shows detailed information of risks extreme and high risks. Staff are working on refining the report to show strategic risks based on comments made by Audit Committee at its December 2019 meeting.

The Risk Register attachment shows all identified risks in Council's risk register. This is a listing of all risks that have been identified, by register and their evaluated risk level.

It is noted that Council's risk management policy and overarching framework is due for review in 2020 and these documents will be further refined as part of the ongoing review.

Discussion

The Audit Committee noted the report and commented on the quality of the detail provided. The Audit Committee were informed that presently there are a number of inconsistencies regarding the risk rating in that some of the risks have been assessed at their 'raw' risk, not taking into account the controls and some show residual risk, that do consider controls. The Audit Committee indicated that the risk should be aligned to their residual risks and that it should be a priority to identify treated from non-treated risks.

7.9 LEGISLATIVE COMPLIANCE

Author's Title: Governance Officer

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Compliance Register

RECOMMENDATION

That the Audit Committee to note the Legislative Compliance report.

Purpose

A legislative compliance register has been developed, containing items for compliance pursuant to the *Local Government Act 1989* and associated regulations. Inclusion of items for compliance to other legislation is being added progressively as these items are identified.

The Legislative Compliance Framework places the responsibility on individual departments to identify compliance items and to notify the Governance Team for inclusion into the register. The register also provides for identification of items of compliance / non-compliance, and a review of due dates, in accord with the Act and best practice, which in effect, provides Council with a gap analysis to ensure that all the key elements under same are met. Overdue items and items due within 3 months are reported to the responsible staff.

The register is reviewed regularly and is still being developed and will expand to incorporate Council's obligations pursuant to other legislation and standards. It does not contain all compliance items at this stage. The register highlight items that are either overdue or near due for appropriate action to be taken.

Discussion

The Audit Committee noted the report and queried if the items showing 'near due' will be completed within the timeframes. The Audit Committee were advised that the majority of these items relate to the review of delegations and authorisations and that a project is currently underway to achieve the end of February 2020 due dates.

7.10 LOCAL GOVERNMENT INSPECTORATE REVIEW - YARRIAMBIAK SHIRE COUNCIL

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/05/02

Attachments: 1 Response to Yarriambiack Shire Council Inspectorate Review

RECOMMENDATION

That the Audit Committee note Council's self-assessment against the Local Government Inspectorate findings within Yarriambiack Shire Council

Purpose

The Local Government Inspectorate released *Protecting integrity: Yarriambiack Shire Council Investigation* report in November 2019. The Inspectorate outlined findings following its investigation into Council's governance arrangements, and specific allegations made regarding misuse and/or mismanagement of resources.

The attached report outlines Council's assessment and responses to the findings and recommendations made within the Inspectorate's report, including an action plan to meet required standards/better practice where gaps have been identified. Ratings are:

- Compliant: assessment identifies council has met best practice and legislative requirements, and no further action is required
- Close to Compliant: assessment identifies council proactive in attempting to meet best practice and legislative requirements, and minor amendments to administrative procedures are required
- Not Compliant: assessment identifies council is not compliant with requirements under relevant legislation

Discussion

The Audit Committee noted the report. There are a number of findings in the report which are cultural issues and the Audit Committee questioned how Council will avoid these. The CEO indicated that active leadership and education will be used to develop the desired culture.

The non-compliant status on the recovery of outstanding rates was queried. The Audit Committee was informed that this is a risk that has been identified and will be a part of the Debtor Management audit that has been proposed in the Draft Internal Audit Plan.

The actions arising from this report will be included onto the outstanding actions listing.

7.11 CEO CORPORATE CARD EXPENDITURE

Author's Title: Manager Governance

Department: Corporate Services

File No: FM/09/02

Attachments: 1 Bank Statement & Statement Exceptions - CEO Corporate Card

RECOMMENDATION

That the Audit Committee note the report on CEO Corporate Card Expenditure.

1. Executive Summary

As part of Council's review of the Victorian Auditor General's Report on *Fraud and Corruption Control – Local Government*, a recommendation was made that Local Government Authorities ensure the council's chief financial officer or equivalent approves chief executive officer expenditure and reports all expenditure by, or on behalf of, the chief executive officer to the Audit and/or Risk Committee and/or the council for periodic review.

The previous self-assessment undertaken by Council in relation to this recommendation acknowledges that although CEO Corporate Card expenditure is subject to review and sign off by the Mayor, Director Corporate Services and Manager Finance, expenditure is not reported to Council or Council's Audit Committee.

In response to the recommendation in the Report, Council advised that it would commence periodic reporting of CEO Corporate Card expenditure to the Audit Committee.

Council commenced its reporting on CEO expenditure at the December 2019 Audit Committee Meeting.

The attached statements show the transactions incurred on the CEO Corporate Card from 27 November 2019 to 29 January 2020.

The CEO has cancelled his corporate card over this period and will now utilise reimbursement process. Details of CEO reimbursement will be presented to the Audit Committee.

Discussion

The Audit Committee noted the report. The CEO has relinquished his corporate card and is now utilising the reimbursement process ensuring there are appropriate receipts for all costs claimed. Council will continue to report on this type of expenditure to the Audit Committee.

7.12 DRAFT FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2019

Author's Title: Manager Finance

Department: Corporate Services

File No: FM09/02

Attachments:

- 1 Income Statement - Dec 2019
- 2 Balance Sheet - Dec 2019
- 3 Cashflow Statement - Dec 2019
- 4 Cashflow Forecast - Dec 2019
- 5 Cashflow Forecast Chart - Dec 2019
- 6 Capital Program - Dec 2019

RECOMMENDATION

That the Audit Committee notes Council's Financial Performance Report for the month ending 31 December 2019.

Note: This report is yet to be adopted by Council

1. Executive Summary

All reports presented are compared to the approved annual budget which is due for reforecasting from January.

The reforecasting will have significant impact on the timing of income represented in the cashflow statement. The approved annual budget currently reports most income by default in the January-February period. Specific timing of income will be clarified in the forecast for January – June based on the increased information now available from the funding bodies.

The **Income Statement** provides a summary of the total income and total expenditure relating to Council's annual operations. Capital grant income is included in the calculation of the Council's total surplus/(deficit) but is presented separately to distinguish operational activities. Capital grant income is specifically used to fund expenditure on Council assets which is reported on the balance sheet.

The reported surplus as at 31 December 2019 is \$7.79m. Excluding capital grant income of \$2.92m, the operating surplus is \$4.87m. This operating surplus is lower than budget (surplus \$6.08m) which is now largely due to the timing of the December 2018 flood event funding and related expenditure which were planned in September/October and the timing of the Financial Assistance Grant at the beginning of the financial year.

The **Balance Sheet** summarises of the value of Assets (what we own) and our Liabilities (what we owe), and the difference between assets and liabilities (Net Assets or Equity) reflects our net worth. Council's net worth as at this accounting period is \$281m due to the recognition rate income at this early stage of the financial year. Net worth is anticipated to decrease to \$279m by 30 June 2020 as budgeted expenditure occurs (\$273m as at 30 June 2019).

The **Cashflow Statement** reflects actual results for the year to date (July – December) in line with statutory financial reporting. At 31 December 2019, Council's Cash and Cash Equivalents were \$9.875m.

The **Cashflow Forecast** is a projection of cashflow for the remainder of the year based on the cash balance as at 31 December, the monthly budgets and specified timing parameters (such when BAS/super are due and quarterly rate receipts).

The **Cashflow Chart** visually depicts the cashflow forecast and the updated format is illustrated in a dual design, based on best practice reporting.

The cashflow chart shows:

1. The line graph to reflect the ending bank balance each month for the year to date and a projection of the ending bank balance for the rest of the year.
2. The column graph which summarises what is expected to happen during each month's cashflow to explain the change in the bank balance.

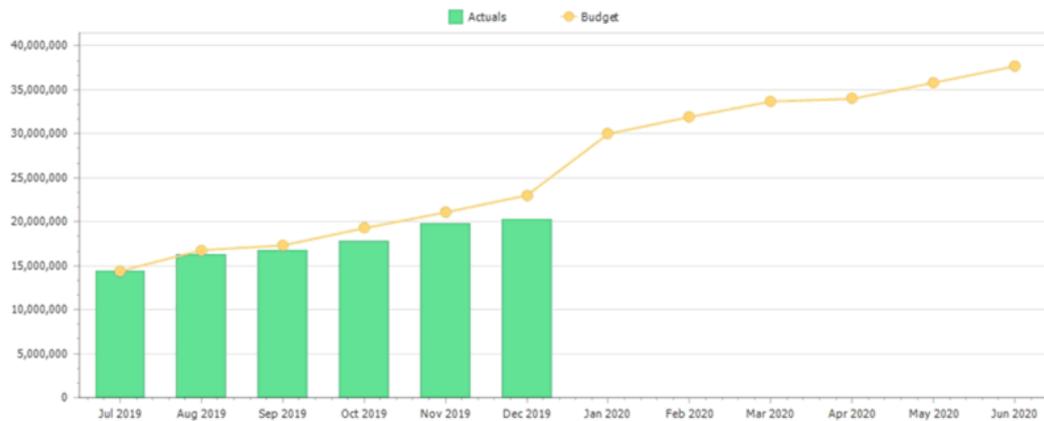
The bank balance is expected to remain positive throughout the 2019/20 financial year.

The **Capital Works Program** depicts \$5.7m of the annual capital works budget of \$11.754m has been expended or committed during July to December. Progress of project completion is detailed by percentage and chart.

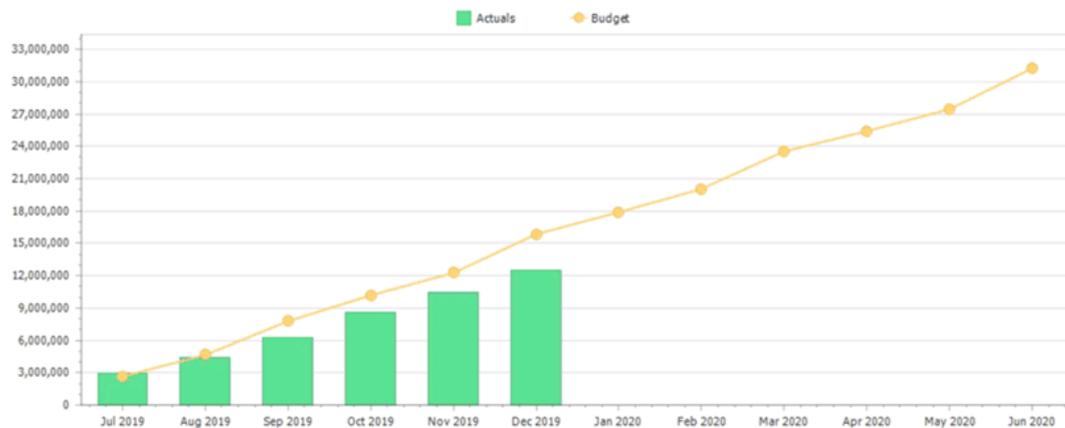
Financial Implications

The tables below provides an overview of Council's financial performance as at 31 December 2019

Accumulated Income to Budget — Buloke Shire Council



Accumulated Expenses to Budget — Buloke Shire Council



The following commentary is provided:

- a. **Total income - less than budget due to:**
 - Upfront payment of the FAG in June 2019 (down \$1.5m)
 - Delay with December 2018 Flood event funding (down \$3.252m)
 - Partly offset by capital contributions received for the Donald Community Precinct included in the 2018/19 budget (Up \$0.5m)
- b. **Total expenses - less than budget due to:**
 - Delay with December 2018 Flood event funding (down \$3.252m)
- c. **Operating Surplus** – variance to budget mostly due to re-timing of the FAG. Variations in December 2018 flood funding and expenditure net out.

2. Community Consultation

No consultation with the community was required for the production of this report.

3. Internal Consultation

The reports have been prepared in consultation with the budget managers directly responsible for Council budgets.

4. Legislative / Policy Implications

The report is consistent with the requirements of the *Local Government Act 1989*.

5. Environmental Sustainability

This report has no direct impact on environmental sustainability.

6. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

7. Conclusion

The year to date surplus is impacted by the timing of the FAG and the December Flood event funding/expenditure. Reforecasting to address these variances for the 6 months January to June will be completed for Council reporting at the March ordinary meeting.

Discussion

The Audit Committee noted the reports and acknowledged the new format and readability improvement. The Manager Finance informed the Audit Committee that capital works forecasts and timing are a bit of a 'grey' area, however operational expenditure is on track. Work being undertaken in forecasting will bring projects into more detail to improve the accuracy of reporting against budget and in the cash flow. Budgeting has moved to a new system during the 2019-20 financial year resulting in expected transition issues, many of which are being overcome with staff training.

The Audit Committee indicated they thought the capital program report makes more sense as it now includes physical works completed as well as budget and expenditure. The Manager Finance also indicated that reforecasting currently only occurs once per year, but Council is looking at undertaking quarterly forecasting, however this is still further down the track.

8. ANY OTHER BUSINESS

9. MEETING CLOSE

Meeting closed at 2.40 pm.

8.3.3 FINANCE PERFORMANCE REPORT AS AT 31 JANUARY 2020

Author's Title: Manager Finance

Department: Corporate Services

File No: FM/19/03

Attachments:

- 1 [Income Statement January 2020](#)
- 2 [Balance Sheet January 2020](#)
- 3 [Cashflow Statement January 2020](#)
- 4 [Cashflow Forecast Chart January 2020](#)
- 5 [Cashflow Forecast January 2020](#)
- 6 [Capital Program January 2020](#)

Relevance to Council Plan 2017 - 2021

Strategic Objective: Deliver our service in a financially viable way

RECOMMENDATION

That Council receives and notes the Financial Performance Report for the month ending 31 January 2020.

1. Executive Summary

Draft annual forecasts have been added to the Income Statement and Cashflow Forecast report/chart. The forecast remains in draft due issues around the December 2018 Flood and the Lake Tyrrell projects. With the recent bushfires, there is the potential that these projects will be further delayed and Buloke is seeking clarity from funding bodies. The Cashflow Forecast and Cashflow Forecast Chart demonstrates worse-case scenario for Buloke if funding is delayed on these projects. The significant impact on cashflow will be highlighted to the funding bodies during negotiations.

The reforecasting has adjusted the timing of the Financial Assistance Grant (FAG) 2019/20 which was paid 50% in advance in June 2019. Council is assuming the 2020/21 FAG will be paid on the same basis (50% in advance June 2020) as has been the case in recent years, however this remains at the discretion of the State Government until 30 June.

The significant variance in Operating Surplus/(Deficit) between the budget and forecast for the 2019/20 financial year is due to the revision of the December 2018 flood expenditure (down from \$5m to \$3.5m). Furthermore, it has been assumed in the forecast that no funding will be received until September 2020, removing \$5m of grant income from the budget. As discussed above, the timing of grant income regarding this project remains in negotiation, however worse-case scenario has been assumed for now.

The table below outlines the summary of the impact of the December 2018 project on reported results.

JUL 2019 - JAN 2020						
	YTD Actual (\$)	YTD Budget (\$)	YTD Variance (\$)	Annual Budget (\$)	Annual Forecast (\$)	Budget v Forecast Variance
Normal Operating Surplus/Deficit	3,452,033	4,164,377	(712,344)	(1,431,645)	(1,310,350)	121,295
Special Projects Surplus/Deficit (Dec 18 Flood)	(108,993)	188,750	(297,743)	25,000	(3,799,383)	(3,824,383)
Operating Surplus/Deficit	3,343,040	4,353,127	(1,010,087)	(1,406,645)	(5,109,733)	(3,703,088)
Capital Income	4,519,192	7,756,000	(3,236,808)	7,847,000	10,488,325	2,641,325
Net Surplus/Deficit	7,862,232	12,109,127	(4,246,895)	6,440,355	5,378,592	(1,061,763)

The **Income Statement** provides a summary of the total income and total expenditure relating to Council's annual operations. Capital grant income is included in the calculation of the Council's total surplus/(deficit) but is presented separately to distinguish operational activities. Capital grant income is specifically used to fund expenditure on Council assets which is reported on the balance sheet.

The reported surplus as at 31 January 2020 is \$7.86m. Excluding capital grant income of \$4.52m, the operating surplus is \$3.34m. This operating surplus is lower than budget (surplus \$4.34m) due to the timing of the FAG as discussed below and adjusted in the forecast. Both operating income and expenses are impacted by delays in the December 2018 flood event originally planned for the first half of the financial year.

The **Balance Sheet** summarises the value of Assets (what Council owns) and our Liabilities (what Council owes), and the difference between assets and liabilities (Net Assets or Equity) reflects Council's net worth. Council's net worth as at this accounting period is \$281m due to the recognition rate income at this early stage of the financial year. Net worth is anticipated to decrease to \$279m by 30 June 2020 as budgeted expenditure occurs (\$273m as at 30 June 2019).

The **Cashflow Statement** reflects actual results for the year to date (July – January) in line with statutory financial reporting. At 31 January 2020, Council's Cash and Cash Equivalents were \$9.875m.

The **Cashflow Forecast** is a projection of cashflow for the remainder of the year based on the cash balance as at 31 January 2020, the monthly budgets and specified timing parameters (such when BAS/super are due and quarterly rate receipts).

The **Cashflow Chart** visually depicts the cashflow forecast and the updated format is illustrated in a dual design, based on best practice reporting.

The cashflow chart shows:

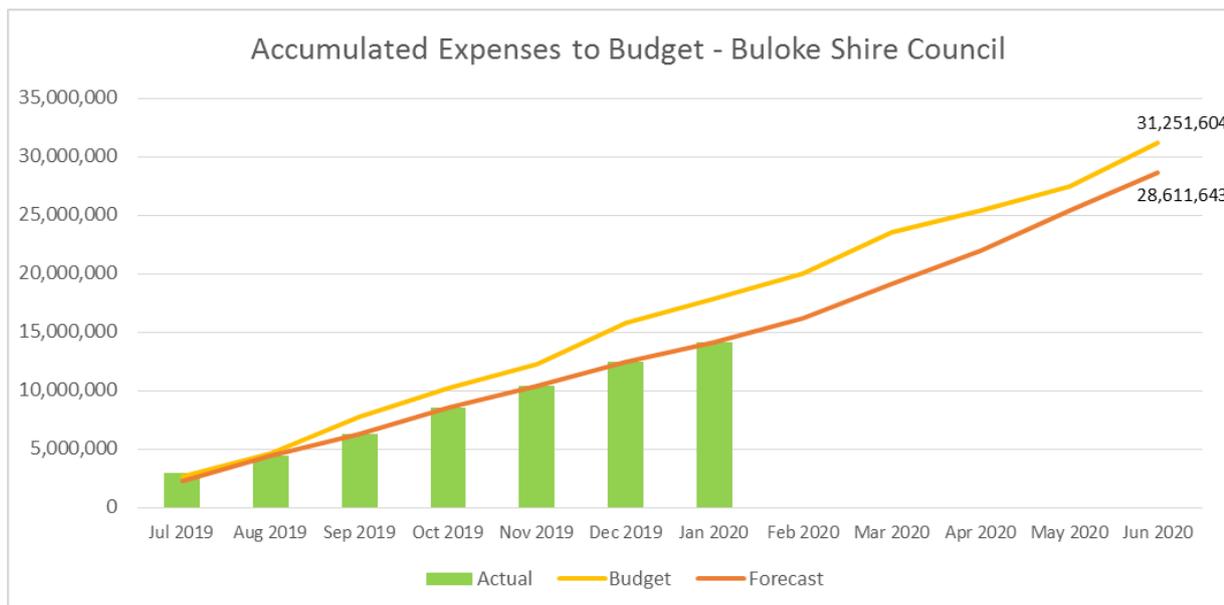
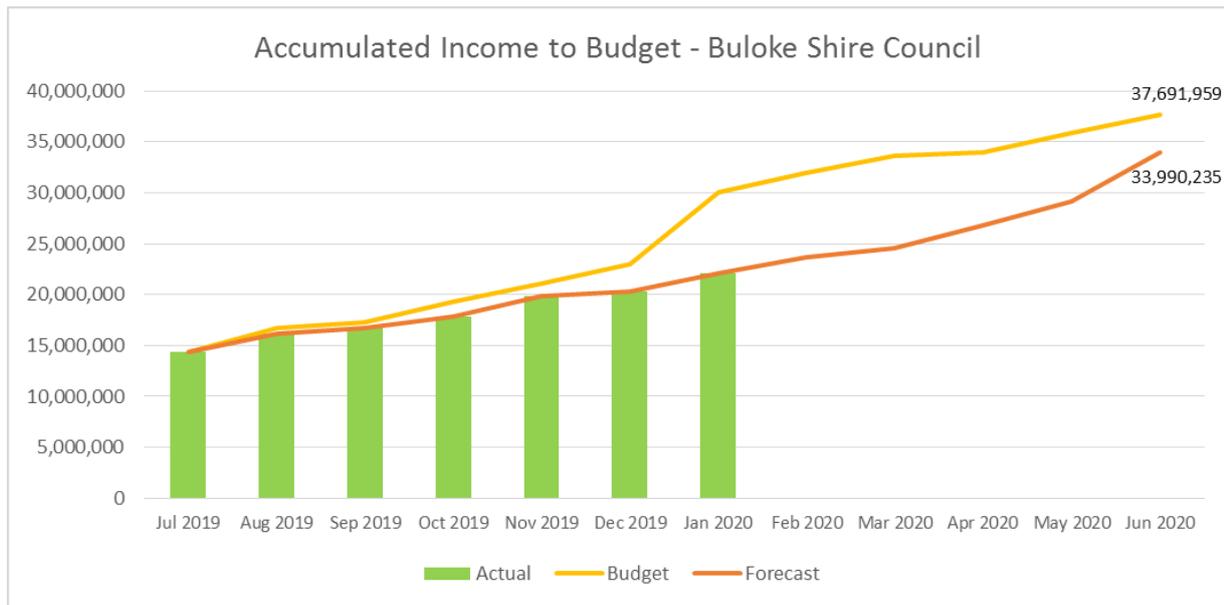
1. The line graph to reflect the ending bank balance each month for the year to date and a projection of the ending bank balance for the rest of the year; and
2. The column graph which summarises what is expected to happen during each month's cashflow to explain the change in the bank balance.

The bank balance is expected to remain positive throughout the 2019/20 financial year. However, as demonstrated in the forecast (prepared on a worse-case basis) the potential impact of upfront cash outlays for the December 2018 flood and Lake Tyrrell projects could bring cashflow below comfortable limits. Given the sizeable expenditure required on these projects the lack of advance funding may pose significant cashflow risk.

The **Capital Works Program** depicts \$6.36m of the annual capital works budget of \$11.754m has been expended or committed during July to January. Progress of project completion is detailed by percentage and chart.

Financial Implications

The tables below provide an overview of Council’s financial performance as at 31 January 2020. The format has been changed to add the forecast (draft).



As discussed, with the FAG timing issue updated in the forecast, the variance between budget and forecast is mostly due to the timing of the December 2018 flood project; reducing Income by \$5m (deferred to September 2020) and Expenses revised down by \$1.5m.

2. Community Consultation

No consultation with the community was required for the production of this report.

3. Internal Consultation

The reports have been prepared in consultation with the budget managers directly responsible for Council budgets.

4. Legislative / Policy Implications

The report is consistent with the requirements of the *Local Government Act 1989*.

5. Environmental Sustainability

This report has no direct impact on environmental sustainability.

6. Conflict of Interest Considerations

No officer involved in the preparation of this report had a conflict of interest.

7. Conclusion

Draft forecast has addressed the variance to budget due the timing of the FAG and revised income and expenditure on the December 2018 flood project. The December 2018 flood project revision has significantly impacted the draft forecast year-end result but further clarity from the funding body is being sought.

Income Statement — Buloke Shire Council

JUL 2019 - JAN 2020

	YTD Actual (\$)	YTD Budget (\$)	YTD Variance (\$)	Annual Budget (\$)	DRAFT Annual Forecast (\$)	Variance (\$) Annual Forecast to Budget
Operating Income						
Rates and charges	13,699,797	13,658,158	41,639	13,691,489	13,750,263	58,774
Statutory fees and fines	197,647	100,756	96,891	187,550	272,232	84,682
User fees	383,434	424,689	(41,256)	777,612	671,883	(105,729)
Grants - operating	2,829,623	7,856,602	(5,026,980)	14,938,943	8,323,194	(6,615,749)
Contributions	115,868	47,080	68,788	52,536	126,324	73,788
Other Income	297,968	150,800	147,168	196,829	358,013	161,184
Total Operating Income	17,524,337	22,238,086	(4,713,749)	29,844,959	23,501,910	(6,343,049)
Operating Expense						
Employee Costs	5,305,657	5,625,109	319,453	9,890,819	9,491,215	(399,604)
Materials and services	4,257,893	7,579,495	3,321,602	13,189,089	10,546,689	(2,642,400)
Depreciation	4,269,111	4,269,108	(3)	7,318,458	7,285,898	(32,560)
Bad and doubtful debts	9,306	0	(9,306)	50,000	456,315	406,315
Borrowing costs	105,545	147,994	42,449	147,994	105,545	(42,449)
Other expenses	233,785	273,253	39,468	655,244	725,981	70,737
Total Operating Expense	14,181,297	17,894,959	3,713,662	31,251,604	28,611,643	(2,639,961)
Operating Surplus/Deficit	3,343,040	4,343,127	(1,000,086)	(1,406,645)	(5,109,733)	(3,703,088)
Capital Income						
Grants - capital	4,189,018	7,665,000	(3,475,983)	7,665,000	9,467,333	1,802,333
Other Capital Income	330,174	91,000	239,174	182,000	1,020,992	838,992
Total Capital Income	4,519,192	7,756,000	(3,236,808)	7,847,000	10,488,325	2,641,325
Net Surplus/Deficit	7,862,232	12,099,127	(4,236,895)	6,440,355	5,378,591	(1,061,763)



Balance Sheet — Buloke Shire Council

JAN 2020

	Jan 2020	Jun 2019	Variance	% Variance
Asset				
Current assets	23,558,209	23,848,089	(289,880)	(1%)
Cash and cash equivalents	9,537,640	20,278,391	(10,740,752)	(53%)
Trade and other receivables	13,882,299	3,191,773	10,690,526	335%
Inventories	120,462	111,133	9,329	8%
Other assets	17,809	266,792	(248,983)	(93%)
Non-current assets	264,481,391	262,470,688	2,010,703	1%
Accrued Interest	0	87,269	(87,269)	(100%)
Property, infrastructure, plant and equipment	264,481,391	262,383,419	2,097,973	1%
Total Asset	288,039,601	286,318,777	1,720,824	1%
Liability				
Current liabilities	5,663,823	11,805,231	6,141,409	52%
Trade and other payables	2,586,213	2,173,399	(412,815)	(19%)
Trust funds and deposits	852,122	292,876	(559,246)	(191%)
Provisions	2,225,488	2,338,957	113,469	5%
Interest-bearing liabilities	0	7,000,000	7,000,000	100%
Non-current liabilities	1,445,611	1,445,611	0	0%
Provisions	1,445,611	1,445,611	0	0%
Total Liability	7,109,434	13,250,842	6,141,409	46%
Net Assets	280,930,167	273,067,935	7,862,232	3%
Equity				
Equity	280,930,167	273,067,935	7,862,232	3%
Accumulated Surplus	105,135,810	105,135,810	0	0%
Reserves	167,932,125	167,932,125	0	0%
Current Earnings	7,862,232	0	7,862,232	N/A
Total Equity	280,930,167	273,067,935	7,862,232	3%

Cashflow Statement — Buloke Shire Council

JUL 2019 - JAN 2020

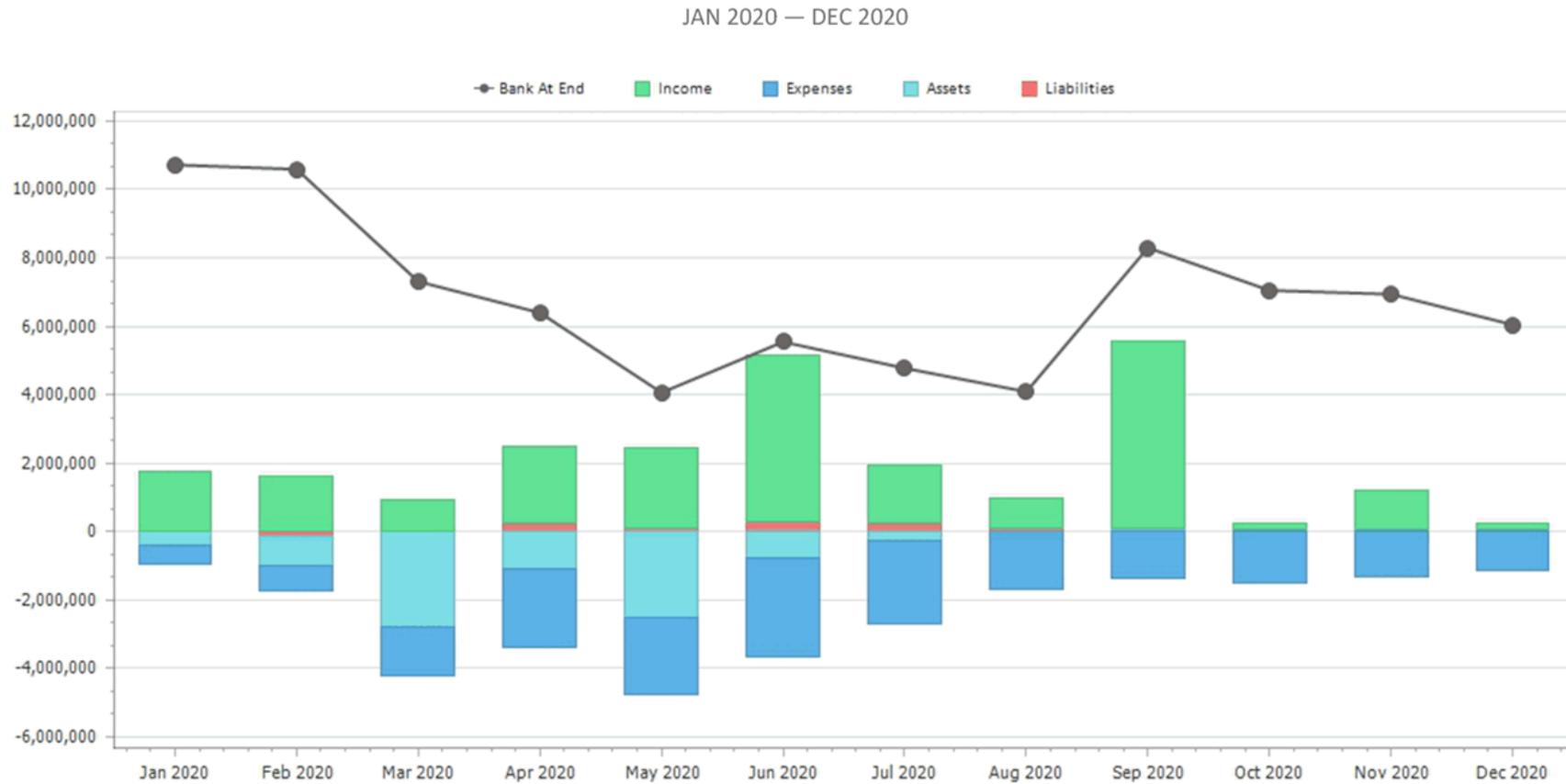
	Jul 2019 - Jan 2020
Bank at Beginning	20,278,391
Cashflow from Operating Activities:	
Net Profit	7,862,232
Adjustments to Net Profit for Non-Cash Activities:	
Non - Cash expenses	4,269,111
Depreciation	4,269,111
Total Adjustments to Net Profit for Non-Cash Activities	4,269,111
Adjustments for Balance Sheet Movement on Operating Activities:	
EMULSION INVENTORY	(9,329)
Total Adjustments for Balance Sheet Movement on Operating Activities	(9,329)
Net Cashflow from Operating Activities	12,122,014
Cashflow from Investing Activities:	
Current assets	(10,441,543)
Trade and other receivables	(10,441,543)
Non-current assets	(6,279,814)
Accrued Interest	87,269
Property, infrastructure, plant and equipment	(6,367,084)
Current liabilities	858,590
Trade and other payables	412,813
Trust funds and deposits	559,246
Provisions	(113,469)
Net Cashflow from Investing Activities	(15,862,767)

Cashflow from Financing Activities:



Current liabilities	(6,999,999)
Trade and other payables	1
Interest-bearing liabilities	(7,000,000)
Net Cashflow from Financing Activities	(6,999,999)
<hr/>	
Net Cashflows	(10,740,752)
Bank at End	9,537,640

Cashflow Chart — Buloke Shire Council



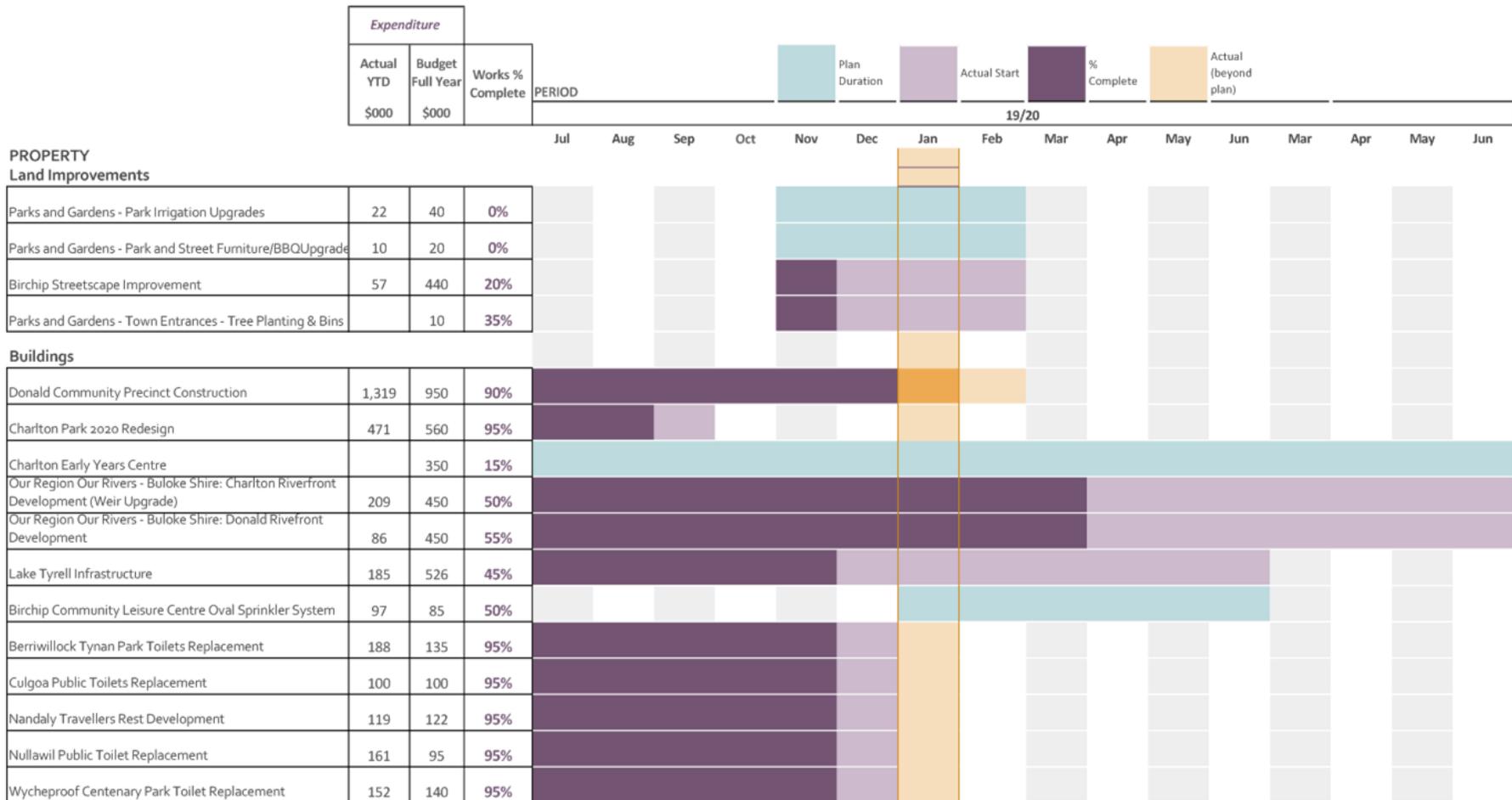
Cashflow Forecast — Buloke Shire Council

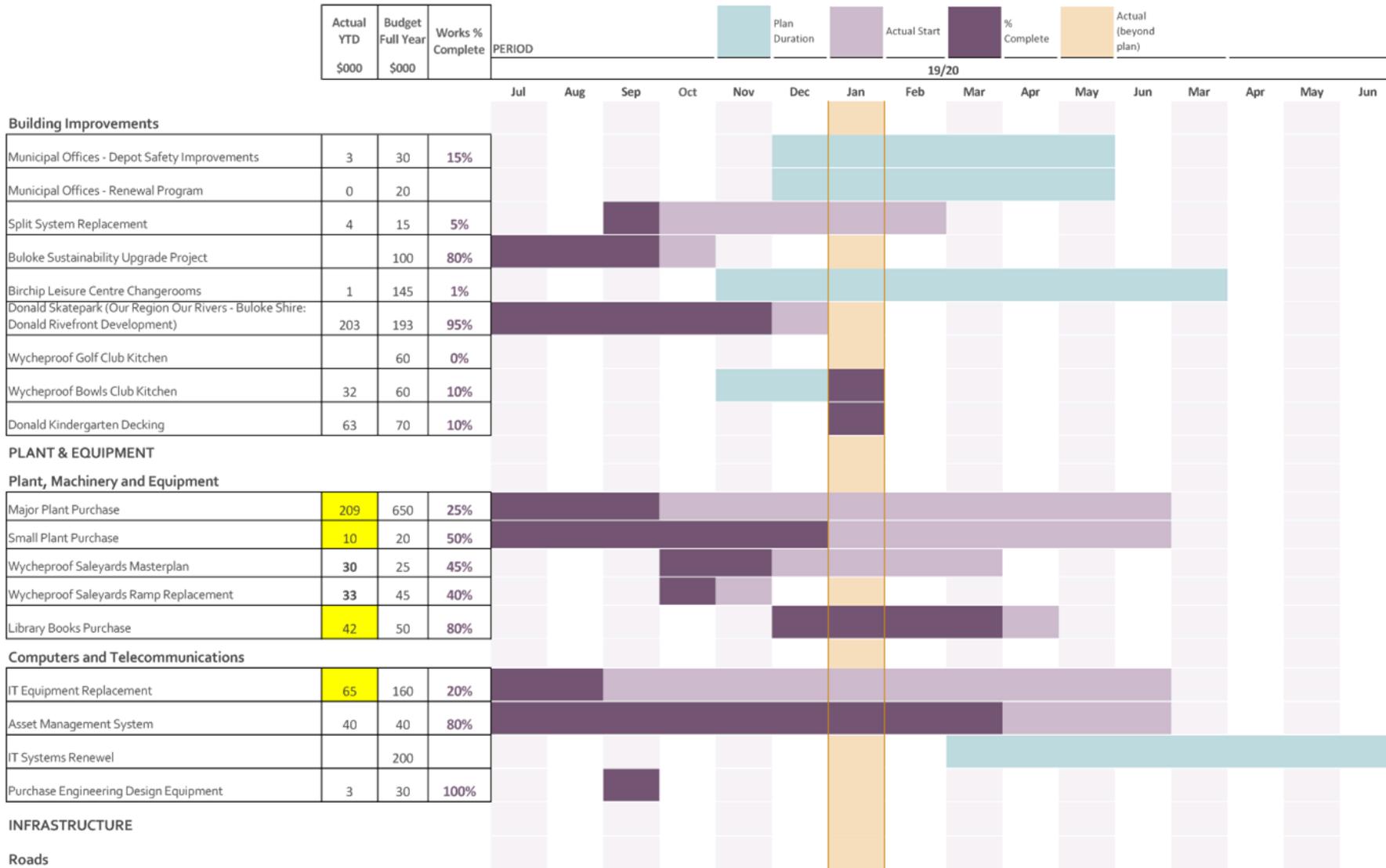
FEB 2020

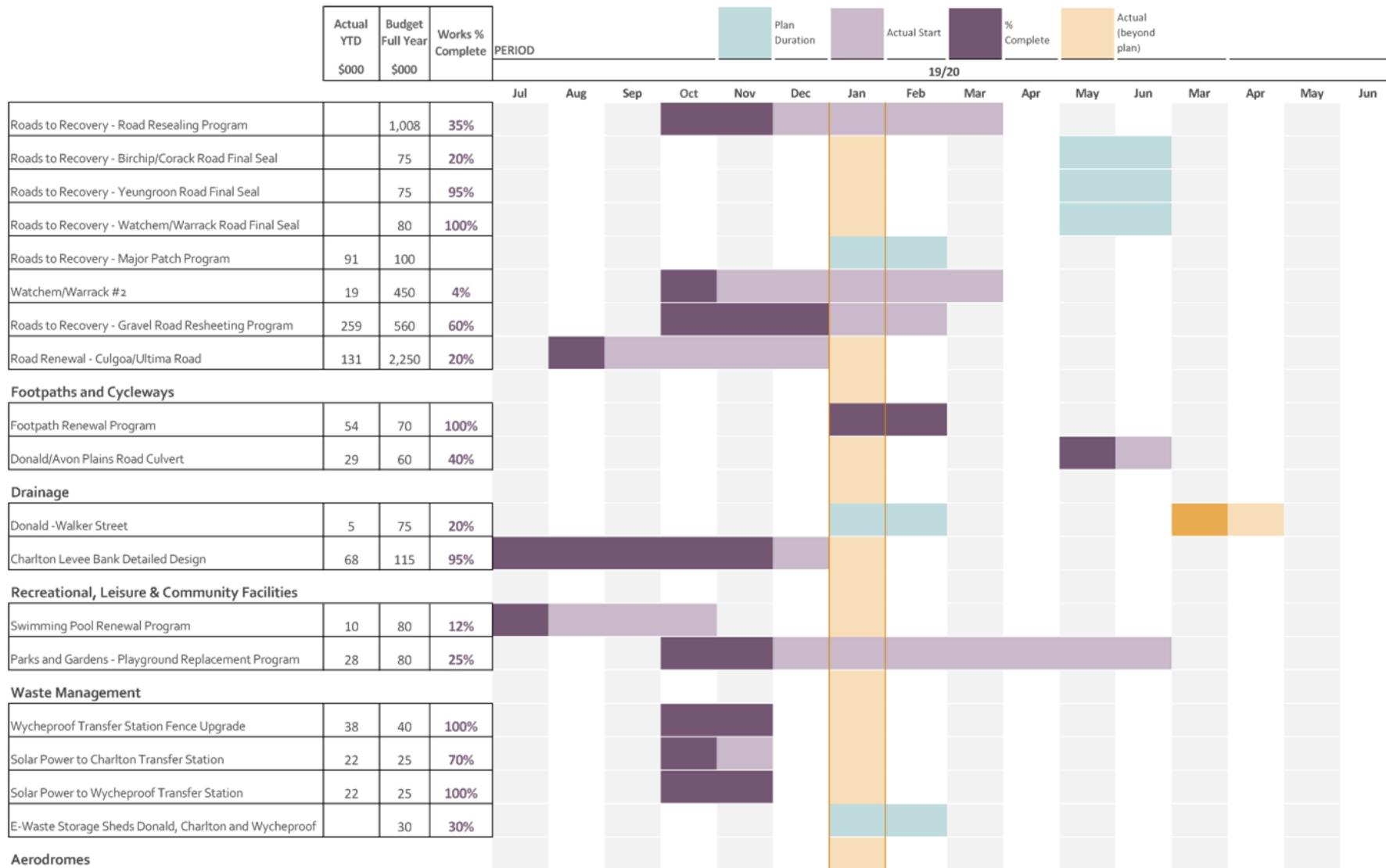
	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Total
Bank at Beginning	9,537,640	9,938,257	6,663,024	5,760,775	3,430,210	4,907,739	4,095,526	3,423,938	7,632,789	6,389,202	6,279,717	5,388,058	9,537,640
Income													
Operating Activities	1,614,661	934,222	2,222,213	2,331,758	4,876,445	1,694,030	885,865	5,488,694	185,209	1,122,005	207,797	88,400	21,651,300
Cash Inflows - Capital Income	652,500	781,818	1,886,500	1,354,000	1,294,315	0	0	5,100,000	0	0	0	0	11,069,133
Cash Inflows - Operational Income	962,161	152,404	335,713	977,758	3,582,130	1,694,030	885,865	388,694	185,209	1,122,005	207,797	88,400	10,582,167
Cash Inflows from Operation	1,614,661	934,222	2,222,213	2,331,758	4,876,445	1,694,030	885,865	5,488,694	185,209	1,122,005	207,797	88,400	21,651,300
Expense													
Operating Activities	(349,458)	(1,403,843)	(2,298,531)	(2,243,694)	(2,900,025)	(2,422,291)	(1,676,268)	(1,365,703)	(1,489,028)	(1,303,021)	(1,147,301)	(1,155,121)	(19,754,285)
Cash Outflows	(349,458)	(1,403,843)	(2,298,531)	(2,243,694)	(2,900,025)	(2,422,291)	(1,676,268)	(1,365,703)	(1,489,028)	(1,303,021)	(1,147,301)	(1,155,121)	(19,754,285)
Cash Outflows from Operation	(349,458)	(1,403,843)	(2,298,531)	(2,243,694)	(2,900,025)	(2,422,291)	(1,676,268)	(1,365,703)	(1,489,028)	(1,303,021)	(1,147,301)	(1,155,121)	(19,754,285)
Asset													
Current assets	(184,202)	9,033	22,908	7,448	(26,916)	(311,882)	25,009	22,556	11,295	13,787	6,191	22,751	(382,024)
Trade and other receivables	(183,660)	9,034	22,908	7,448	(26,916)	(311,882)	25,009	22,556	11,295	13,787	6,191	22,751	(381,481)
Inventories	(541)	(1)	0	0	0	0	0	0	0	0	0	0	(543)
Non-current assets	(694,146)	(2,805,695)	(1,110,156)	(2,535,370)	(756,346)	0	(7,901,714)						
Property, infrastructure, plant and...	(694,146)	(2,805,695)	(1,110,156)	(2,535,370)	(756,346)	0	0	0	0	0	0	0	(7,901,714)

	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Total
Movement in Assets	(878,348)	(2,796,662)	(1,087,249)	(2,527,923)	(783,262)	(311,882)	25,009	22,556	11,295	13,787	6,191	22,751	(8,283,738)
Liability													
Current liabilities	13,763	(8,949)	261,317	109,294	284,371	227,931	93,806	63,304	48,936	57,744	41,654	40,957	1,234,128
Trade and other payables	13,763	(8,949)	261,317	109,294	284,371	227,931	93,806	63,304	48,936	57,744	41,654	40,957	1,234,128
Movement in Liabilities	13,763	(8,949)	261,317	109,294	284,371	227,931	93,806	63,304	48,936	57,744	41,654	40,957	1,234,128
Net Movement	400,617	(3,275,232)	(902,250)	(2,330,564)	1,477,528	(812,213)	(671,588)	4,208,851	(1,243,587)	(109,485)	(891,659)	(1,003,013)	(5,152,595)
Bank at End	9,938,257	6,663,024	5,760,775	3,430,210	4,907,739	4,095,526	3,423,938	7,632,789	6,389,202	6,279,717	5,388,058	4,385,045	4,385,045

BULOKE SHIRE COUNCIL - CAPITAL PROGRAM









8.4 ORGANISATIONAL REPORTS

8.4.1 ACTING CHIEF EXECUTIVE OFFICER

Author's Title: Executive Assistant

Department: Office of the CEO

File No: PE/21/02

Attachments: Nil

Relevance to Council Plan 2017 - 2021

Strategic Objective: Support our councillors, staff, volunteers and the community to make informed and transparent decisions.

RECOMMENDATION

That Council appoint the Director of Corporate Services Hannah Yu, as Acting Chief Executive Officer from 30 March to 3 April 2020 inclusive.

1. Executive Summary

The Chief Executive Officer will be on annual leave from 30 March to 3 April 2020. As a matter of organisational process, positions are filled by acting staff when any supervisor or manager is on leave for a week or more.

2. Discussion

The appointment of an Acting Chief Executive Officer ensures the uninterrupted operation of Council during periods of leave by the Chief Executive Officer.

The appointment of acting personnel assists in the development of succession planning and professional development within the organisation.

3. Financial Implications

Minor costs involved in regard to higher duties payment for the period are factored into the annual budget.

4. Cost Shift Considerations

Nil.

5. Community Consultation

Nil.

6. Internal Consultation

The matter has been discussed with the Director Corporate Services.

7. Legislative / Policy Implications

The *Local Government Act 1989* requires Council to appoint a Chief Executive Officer, but does not provide any requirements for appointing an Acting Chief Executive Officer when the Chief Executive Officer is on leave. It is this Council's practice to appoint an Acting Chief Executive Officer by way of Council resolution.

8. Environmental Sustainability

Nil impact.

9. Conflict of Interest Considerations

No officer involved in the preparation of this report has a direct or indirect conflict of interest.

10. Conclusion

That Council appoint the Director of Corporate Services Hannah Yu, as Acting Chief Executive Officer from 30 March to 3 April 2020 inclusive.

8.5 REPORTS FROM COUNCILLORS

Nil

9. OTHER BUSINESS

9.1 NOTICES OF MOTION

9.1.1 NOTICE OF MOTION - CLIMATE CHANGE BILL

Author's Title: Councillor Ellen White

Department: Office of the CEO

File No: GO/09/01

Attachments: 1 [↓](#) Notice of Motion - Climate Change Bill - Signed by Cr White

RECOMMENDATION

That Council write to Anne Webster MP, Member for Mallee, asking her to support the Climate Change Bill that is to be put forward in the Federal Parliament on March 23rd 2020 by the Independent Member for Warringah, Zali Steggall MP.

Discussion

Climate change is real for Australia, with immediate and deepening risks to our natural environment, economy and way of life. This Climate Change Bill sets out a clear framework for national plans to be put in place and updated by the Australian Government, and for progress to be rigorously monitored and reported.

The Bill aims to ensure that Australia has a clear and positive response to the challenges of climate change.

This national framework will ensure that Australia has:

1. A positive response to the challenges of climate change that is transparent and effective, and that pursues new opportunities, generational equity and just transitions;
2. National plans for adapting to a changing climate, so that the different parts of our continent and economy can respond positively to changing physical conditions and international policies;
3. National plans for reducing greenhouse gas emissions, to meet emissions reduction targets that align with scientific imperatives and State government and international commitments; and
4. Transparent monitoring, reporting and accountability for national adaptation planning and emission reduction actions, with an independent Climate Change Commission (CCC) to advise Government and Parliament.

The proposed legislation also includes:

1. The establishment of the Climate Change Commission, an independent body which will complete an annual national climate risk assessment across the economy, society and the natural environment, to which Australia will need to respond;
2. The development and implementation of five year national adaptation plans for the nation and for nominated regional and economic sectors; and

3. National plans for reducing greenhouse gas emissions, with targets reviewed every five years, and budgets developed in advance

The economy of the Mallee electorate has much unlocked potential for renewable energy, and on farm mitigation. The Mallee also has a large climate risk profile associated with agriculture, horticulture, infrastructure, health and energy prices.

Support for this Bill will give confidence to the Mallee electorate, local governments and communities that while we cannot avoid the impacts of climate change (drought, fire, flood, heatwaves etc) we can have confidence that the Australian Government will be better prepared for them.

Notice of Motion

From: Councillor White

Motion: That Council write to Anne Webster MP, Member for Mallee, asking her to support the Climate Change Bill that is to be put forward in the Federal Parliament on March 23rd 2020 by the Independent Member for Warringah, Zali Steggall MP.

Background

Climate change is real for Australia, with immediate and deepening risks to our natural environment, economy and way of life. This Climate Change Bill sets out a clear framework for national plans to be put in place and updated by the Australian Government, and for progress to be rigorously monitored and reported.

The Bill aims to ensure that Australia has a clear and positive response to the challenges of climate change.

This national framework will ensure that Australia has:

1. A positive response to the challenges of climate change that is transparent and effective, and that pursues new opportunities, generational equity and just transitions
2. National plans for adapting to a changing climate, so that the different parts of our continent and economy can respond positively to changing physical conditions and international policies
3. National plans for reducing greenhouse gas emissions, to meet emissions reduction targets that align with scientific imperatives and State government and international commitments
4. Transparent monitoring, reporting and accountability for national adaptation planning and emission reduction actions, with an independent Climate Change Commission (CCC) to advise Government and Parliament.

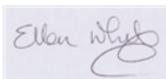
The proposed legislation also includes:

1. The establishment of the Climate Change Commission, an independent body which will complete an annual national climate risk assessment across the economy, society and the natural environment, to which Australia will need to respond
2. The development and implementation of five year national adaptation plans for the nation and for nominated regional and economic sectors
3. National plans for reducing greenhouse gas emissions, with targets reviewed every five years, and budgets developed in advance

The economy of the Mallee electorate has much unlocked potential for renewable energy, and on farm mitigation. The Mallee also has a large climate risk profile associated with agriculture, horticulture, infrastructure, health and energy prices.

Support for this Bill will give confidence to the Mallee electorate, local governments and communities that while we cannot avoid the impacts of climate change (drought, fire, flood, heatwaves etc) we can have confidence that the Australian Government will be better prepared for them.

Signed:



Date: 5th March 2020

9.2 QUESTIONS FROM COUNCILLORS

Nil

9.3 URGENT BUSINESS

Nil

9.4 ANY OTHER BUSINESS

Nil

9.5 MATTERS WHICH MAY EXCLUDE THE PUBLIC

RECOMMENDATION:

That Council closes the meeting to the public pursuant to Section 89(2) of the Local Government Act 1989 to consider the following items, which are confidential for the reasons indicated:

- 9.5.1 CONTRACT C74 2019/2020 - SUPPLY AND DELIVERY OF TWO (2) NEW GENERAL PATROL TRUCKS. (d) contractual matters
- 9.5.2 CONTRACT No C72 2019/2020 SUPPLY OF ONE (1) NEW MOTOR GRADER (d) contractual matters

RECOMMENDATION:

That Council reopens the meeting to the public pursuant to Section 89(2) of the Local Government Act 1989 and brings resolutions from the closed session into open session.

10. MEETING CLOSE