

I hereby give notice that an Audit and Risk Committee Meeting will be held on:

Date: Monday, 9 May 2022
Time: 6.00 p.m.
Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier

AGENDA

Audit and Risk Committee Meeting **9 May 2022**



Sarah Philpott
Chief Executive Officer
5 May 2022

Order Of Business

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1 ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Boandik peoples as the traditional custodians of the land where we meet today. We respect their spiritual relationship with the land and recognise the deep feelings of attachment our indigenous peoples have with this land.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

[Audit and Risk Committee Meeting - 28 March 2022](#)

RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 28 March 2022 be confirmed as an accurate record of the proceedings of the meeting.

4 QUESTIONS WITHOUT NOTICE



5 REPORTS

5.1 RISK REPORT – REPORT NO. AR22/21574

Committee:	Audit and Risk Committee
Meeting Date:	9 May 2022
Report No.:	AR22/21574
CM9 Reference:	AF11/863
Author:	Ritu Datta, Manager Organisational Development
Authoriser:	Darren Barber, General Manager Corporate and Regulatory Services
Summary:	This report describes the findings, recommendations and associated action plan following the Risk Evaluation Audit conducted by Local Government Risk Services (LGRS) in November 2021. This report also describes the funding applications that have been made to source funds from the scheme to enhance the risk profile of the organisation.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR22/21574 titled 'Risk Report' as presented on 09 May 2022 be noted.



TYPE OF REPORT

Other

BACKGROUND

Local Government Risk Services (LGRS) are a business partner of the Local Government Association and administer the Mutual Liability Scheme and Workers Compensation for South Australian Councils.

LGRS provide specialist risk services to City of Mount Gambier including the development and implementation of proactive systems and processes for Risk Management, claims management and insurance risk transfer.

Every two years the LGRS provide a Risk Evaluation service to review the Councils Risk Management system against Local Government Sector baselines and other external requirements such as legislation, Return to Work South Australia Performance Standards and Self-Insurer requirements.

Risk Management at the City of Mount Gambier

1. Risk Management Update

The organisational update aims to highlight Risk Management processes that are periodic or specific in demonstrating a deliberate focus on improving Strategic Risk Management profile and accountability across the organisation.

Tree Management within the City of Mount Gambier was identified by the auditors as a standout area not only for the organisation but within the sector. Subsequently, the City of Mount Gambier made a submission for the LGA Mutual Liability Scheme Risk Management Award 2021 and unfortunately the submission was unsuccessful.

1.1 Insurance Renewal 2022/2022

City of Mount Gambier has completed the comprehensive insurance questionnaire declarations utilising subject matter experts from across the organisation and submitted the information to Local Government Risk Services.

This is a critical function for the organisation in disclosure of accurate information to ensure the organisation is adequately protected against liability. Following review of the declarations the LGRS Account Manager will provide a site meeting with subject matter experts to clarify and confirm Insurance requirements for the upcoming financial year.

1.2 JLT Public Sector Risk Report 2021

The JLT Public Sector Risk Report for 2021 has been released. This report details the key Local Governments Risks and prioritises them based on specialised Local Government Knowledge experience and knowledge.

The top ten (10) risks were identified as being Financial Sustainability, Cyber Security, Assets and Infrastructure, Disaster or Catastrophic Events, Reputation, Business Continuity, Climate Change / Adaption, Impact of Pandemic, Statutory & Regulatory Requirements, and Ineffective Governance.



The City of Mount Gambier will now utilise this report to prioritise and assess the organisational policies frameworks and procedures in these identified areas to effectively measure current risk exposure.

1.3 Risk Management Action Plan

The Risk management Action Plan is a summary of deliberate actions that have been identified following the November Risk Evaluation Audit in 2021.

There is a total of twenty-four (24) actions to be completed by the December 2022.

There is a total of seven (7) actions to be completed by the end of April 2022, with three (3) actions completed at the time of reporting.

2. Risk Incentive Funding Program 2021/2022

The Local Government Association Mutual Liability Scheme (LGAMLS) and Local Government Association Workers Compensation Scheme (LGAWCS) Council Risk Incentive Program has been running for four years and provides targeted funding to members to invest in WHS and Risk based initiatives, resources, services and training or infrastructure.

2.1 New Funding Applications

2.1.1 Skytrust Health Check and Training Development Package

The organisation has made an application for a full 'Health Check' of the Skytrust Business Management System that is utilised to manage Work Health Safety and Injury Management. The scope of works will include reviewing the notification structure, and the development of a training package for all People Leaders in Risk Assessment and Incident Investigation within the Skytrust System. Valued at \$1,576, **outcome is pending.**

2.1.2 I-Responda Incident Management 3

The organisation has made an application for eight (8) Senior Staff to be trained in Incident Management by I-Responda. This training is developed and supported by Local Government Association in conjunction with Local Government Functional Support Group. This training will provide key staff with critical Incident Management and Operational skills. Valued at \$2,800, **outcome is pending.**

2.1.3 Certificate IV in Compliance and Risk Management

The organisation has made an application for funding towards an intensive training program in Compliance and Risk Management for the Organisational Development and Risk Coordinator (ODRC) Role. This will provide necessary skills to develop an internal risk compliance and audit program, facilitate education and training for staff, and further increase the profile of Risk Management within the organisation. Following completion, the ODRC will qualify for professional accreditation with the Governance Risk and Compliance Institute. Valued at \$3,300.00, **outcome is pending.**



Summary

The City of Mount Gambier continues to develop and build on structured Risk Management practices within the organisation which will result in raising the risk profile and maturity of the organisation.

The utilisation key industry data through partners such as Local Government Risk Services and JLT Public Sector will assist with a targeted approach to the review and assessment of the organisational framework in identified areas and minimise the potential risk exposure.

Next Steps/Outcome

The 2022 Risk Management Action Planning process has commenced and is underway. This process is completed in conjunction with the LGRS to ensure that the City of Mount Gambier adequately addresses the opportunities for improvement.

PROPOSAL

The City of Mount Gambier provide the Audit and Risk Committee with regular reporting on the organisational Risk Management Action Plan as part of the Risk Management Framework.

LEGAL IMPLICATIONS

Section 125 of the Local Government Act 1999 ('LG Act') requires Council to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives.

Section 132A of the LG Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.

Section 134(4) (b) of the LG Act requires Council to adopt risk management policies

STRATEGIC PLAN

Nil

COUNCIL POLICY

The Risk Management Framework will support [Council Policy - Risk Management](#).

ECONOMIC IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

CULTURAL IMPLICATIONS

Nil

RESOURCE IMPLICATIONS

Nil

VALUE FOR MONEY

Nil

RISK IMPLICATIONS

City of Mount Gambier has participated in the November 2021 Risk Evaluation conducted by LGRS and thereby met its obligation of being a member of the scheme. Following the evaluation and to



meet its legislative requirement the organisation will continue to work on adopting and regularly monitoring its risks through effective policies, procedures and frameworks.

EQUALITIES AND DIVERSITY IMPLICATIONS

Nil

ENGAGEMENT AND COMMUNICATION STRATEGY

Nil

IMPLEMENTATION STRATEGY

Following the November 2021 Risk Evaluation, City of Mount Gambier received a draft report from LGRS which allowed for the organisation to provide comment and feedback prior to official findings. The official report was received by the organisation in mid-February 2022 and was signed off by the CEO on 24 February 2022 and sent back to the scheme.

The 2022 Risk Management Action Planning process has commenced following the receipt of the Final report and required actions have been identified. This process has been completed in conjunction with the LGRS to ensure the City of Mount Gambier adequately addresses the opportunities for improvement.

CONCLUSION AND RECOMMENDATION

City of Mount Gambier must provide the Audit and Risk Committee with regular reporting on organisation's Risk Management Action Plan as part of the Risk Management Framework.

ATTACHMENTS

Nil



5.2 WORK HEALTH, SAFETY AND WELLBEING – REPORT NO. AR22/21639

Committee:	Audit and Risk Committee
Meeting Date:	9 May 2022
Report No.:	AR22/21639
CM9 Reference:	AF11/863
Author:	Ritu Datta, Manager Organisational Development
Authoriser:	Darren Barber, General Manager Corporate and Regulatory Services
Summary:	This report is a summary of Council’s performance in the area of Workplace Health, Safety and Wellbeing. The report also provides an overview of key initiatives underway in this area.
Strategic Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage
	Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR22/21639 titled ‘Work Health, Safety and Wellbeing’ as presented on 09 May 2022 be noted.



TYPE OF REPORT

Other

BACKGROUND

This report is a presentation for the new reporting structure for workplace health, safety and wellbeing at City of Mount Gambier. Its purpose is to provide the Audit and Risk Committee with a summary of our safety performance with insights for continuous improvement. This format will evolve as our data and reporting capability improves, and once there are established KPIs and targets that can provide a strategic oversight of safety performance with lag and lead indicators.

PROPOSAL

That City of Mount Gambier's Audit and Risk Committee receives a regular Work Health Safety and Wellbeing report presenting a quarterly update on performance, compliance and initiatives.

LEGAL IMPLICATIONS

Section 125 of the Local Government Act 1999 ('LG Act') requires the City of Mount Gambier to ensure that appropriate policies practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.

City of Mount Gambier is required to provide and undertake measures to eliminate risks to health and safety, so far as is reasonably practicable. If it is not reasonably practicable to eliminate risks to health and safety, then to minimise those risks so far as is reasonably practicable and to demonstrate a systematic approach to the planning and implementation of Work Health and Safety processes that are compliant with the legislation, regulations and self-insurance requirements covered under:

- Work Health and Safety Act 2012
- Work Health and Safety Regulations 2012
- Return to Work Act 2014
- Return to Work Regulations 2015
- Code for the Conduct of Self-Insured Employers under the Return to Work Scheme which includes the Performance Standards (Injury management standards for self-insured employers April 2019 and Work Health and Safety standards for self-insured employers August 2017)

STRATEGIC PLAN

Nil

COUNCIL POLICY

The Workplace Health and Safety Management System supports [Council Policy - Risk Management](#).

ECONOMIC IMPLICATIONS

Nil

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

CULTURAL IMPLICATIONS

Nil



RESOURCE IMPLICATIONS

Nil

VALUE FOR MONEY

Nil

RISK IMPLICATIONS

This report will assist the City of Mount Gambier to manage its risk associated with workplace health and safety ensuring it meets its legislative requirements and that its workforce and community are kept safe and healthy in the delivery of services and operations.

EQUALITIES AND DIVERSITY IMPLICATIONS

Nil

ENGAGEMENT AND COMMUNICATION STRATEGY

Nil

IMPLEMENTATION STRATEGY

City of Mount Gambier's Executive Leadership Team (ELT) and Work Health and Safety Committee (WHSC) have been receiving workplace health and safety reporting on a regular basis since late last year which will inform the quarterly report presented to the Audit and Risk Committee.

CONCLUSION AND RECOMMENDATION

This report provides a summary of our safety performance with insights for continuous improvement. It also provides a summary of key initiatives that are currently being worked on within this area.

It is recommended that a Workplace Health, Safety and Wellbeing Report continue to be presented to the Audit Risk Committee to ensure effective monitoring of compliance and performance.

ATTACHMENTS

1. Work Health Safety and Wellbeing Management Report - February - March 2022 [↓](#)





WORK, HEALTH, SAFETY AND WELLBEING MANAGEMENT REPORT

February - March 2022

SAFETY ALWAYS



1. Summary

This report aims to provide a snapshot of the current state for safety compliance and performance at City of Mount Gambier (COMG). The organisation continues to show signs of improvement and has taken measures to increase and raise the profile of WHS including an emphasis of reporting incidents and hazards across the organisation.

The organisation continues to see a consistent approach to the reporting of Hazards and Incidents which is a strong indicator that the internal training facilitated with employees on how to use the Organisational Business Management System 'Skytrust' has been effective. The Organisation has made application through the LGRS Risk Management Funding Program for Face to Face training to be conducted with people Leaders on Risk Assessment and Investigation. This training is likely to occur in June 2022.

The number of Incidents reported for February and March remains consistent with previous months which is a strong indicator that employees are reporting all incidents that may be occurring. In comparison the Hazard Reporting has increased which signifies the employees are continuing to identify and report effectively.

There were NO notifiable incidents for February or March 2022.

COMG won the 2021/2022 LGA Workers Compensation Scheme WHS Best Practice Regional Major Award announced on 8 April 2022. The award amount of \$15,000 will be awarded to COMG for the submission "Pinned for Protection". This award is a testament of the fact that when a safety incident is thoroughly investigated, matters analyzed from a continuous improvement and safety lens and innovative affordable solution/s sought that not only makes the plant/equipment safe for our workforce but in this instance the solution our workforce devised has been adopted by the manufacturer to make the plant safe for all other councils and businesses that purchase that plant/equipment.

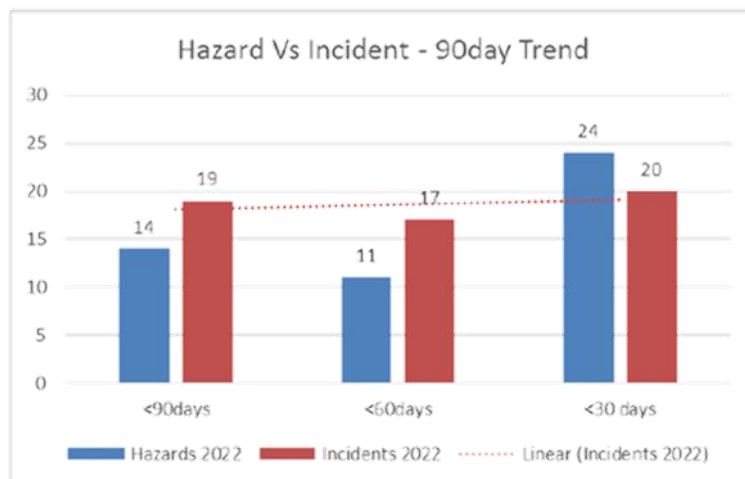
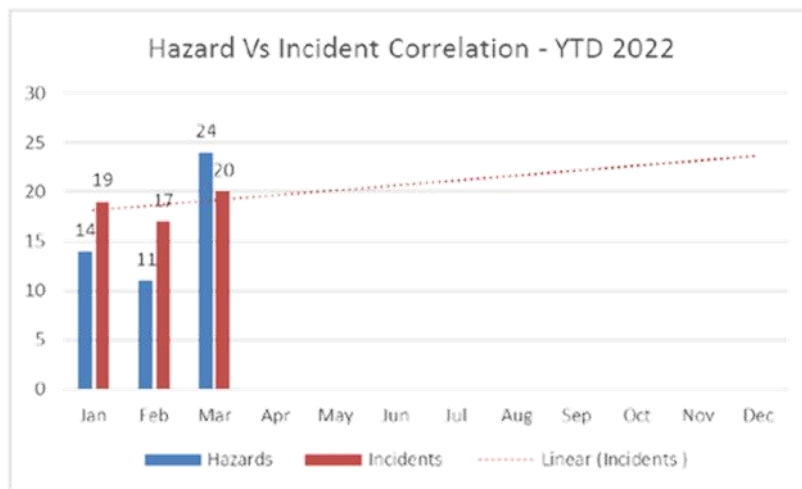
Current focus areas for the COMG:

- WHS IM Action Plan Monitoring tool for 2022 following the Risk Evaluation Audit finalised and tasks completed as detailed in the plan in a timely manner.
- Ongoing management of injury management claims with LGWCS.
- Embedding of the new WHS Committee
- Focus on increased Hazard reporting for City Infrastructure.
- Partnering with People Leaders to develop targeted investigation, incident, and corrective action training, using real organisation scenarios for maximum effectiveness (Expected to be delivered within the first two quarters of 2022).

2. Correlation between Hazards vs. Incidents

2.1 Historical industry statistics and research demonstrate a decrease in the reporting of hazards will ultimately lead to an increase in incidents. Whilst the organisation saw a further decline in hazard reporting for the Month of February, there was a significant increase in Hazard Reporting for March. The incidents reported remains consistent as compared to previous months.

The year to date linear trend suggests that the incident rate is likely to increase if the organisation continues at the current rate of hazard reporting without effective hazard controls. This year to date trend is consistent with the current organisation 90-day trend.



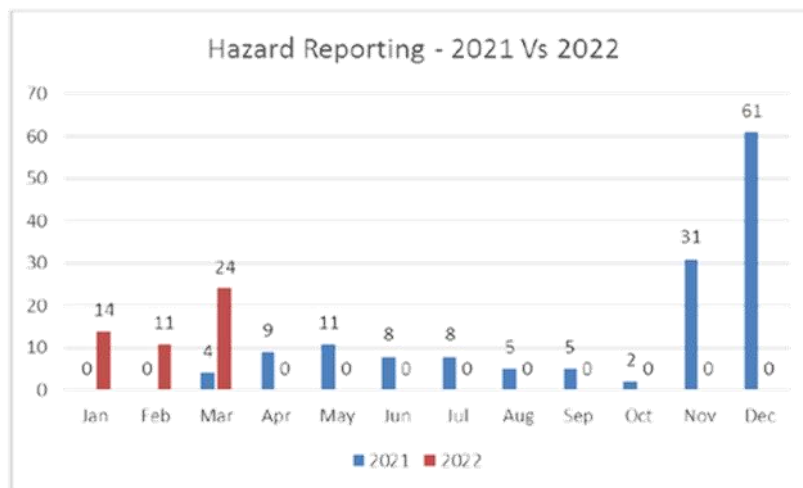


3. Hazard Management

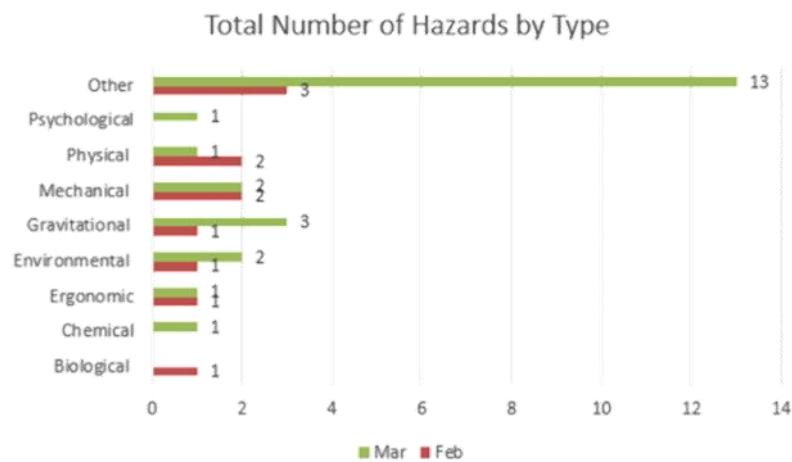
3.1 Total Hazard Reports - Yearly Comparison

This graph demonstrates the comparison of the Organisational Hazard reporting for each month compared to the same month in the previous year. This assists with providing management an analysis of seasonal hazard trends which may occur across the organisation.

There was a total of eleven (11) hazards for February and twenty-four (24) hazards reported for March in 2022 compared to zero (0) for February and four (4) for March in 2021. This data indicates a significant increase in hazards reported in 2022 compared to the same period last year, most likely attributed to the focus on training the employees have received.



3.2 Hazards by Type

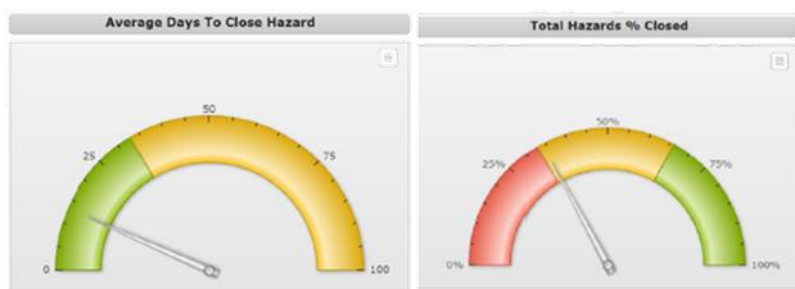


3.3 Effective Hazard Management for the month of February and March 2022

The total amount of hazards outstanding is eighty-nine (85) The total percentage of hazards closed for the period of February until March 2022 is 34.29%

The average days taken to assess and close a hazard in the February to March period is 13.17 days.

The number of open hazards and average days to close a hazard has increased, and this is possibly attributed to COVID-19 Operational Impacts.



3.4 Hazard Management Closure Rate by Four-month Analysis

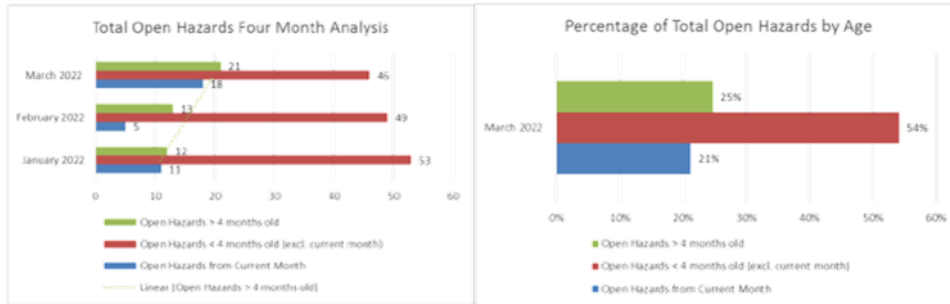
Open hazards may indicate that an investigation is still open and or that corrective actions have not been identified or implemented to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.

The total amount of open hazards within four months has increased from 70% to 75% as at the end of March. The number of reports has increased slightly which may be a contributing factor, however the staff impacts on operational requirements may also contribute to the extended timeframes.

The total amount of open hazards that are outstanding greater than four months has increased slightly from 16% to 25%. This is indicative that the organisation is taking longer to complete the hazard assessments and consistent with the previous report that projected an increase in timeframe of completion would occur due to the increased level of reporting.

The linear trend on the four-month analysis indicates the total number of hazards open greater than four (4) months is steadily increasing.

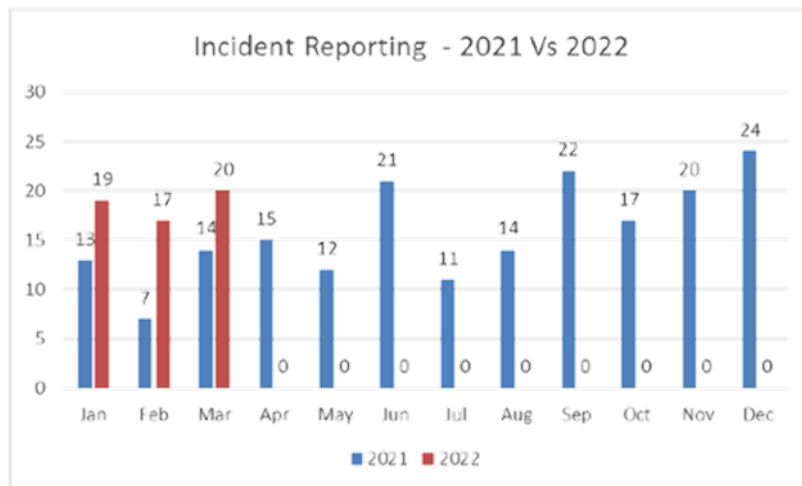




4. Incident and Investigation Management

4.1. Incident Reporting

This report demonstrates the total number of incidents reported across the organisation for the period of February was seventeen (17) and March was twenty (20) which is a decrease which is consistent with the previous three (3) months.



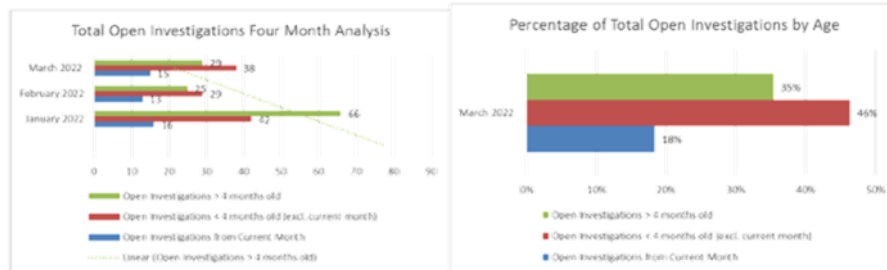
4.2 Effective Investigation Management

Open investigations indicate that an investigation is not complete and or that corrective actions have not been identified or implemented to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.

The total amount of open investigations that are outstanding within four months has increased from 34% to 54% at the end of March 2022.



The total amount of open investigations that are outstanding greater the four months has decreased from 53% in January to 35% at the end of March 2022.



4.3 Open and Overdue Investigations by Department

There is a total of eighty-two (82) open investigations for the organisation at the end of March 2022, this is a decrease from one hundred and twenty-four (124) at the end of January 2022

5. Inspections and Audits

Workplace inspections have continued to occur in line with the scheduled inspection cycle.

Current overdue inspections:

- There were 2 overdue site inspections at the end of March 2022. In April 2022, one of the overdue site inspections has been completed. The 1 overdue inspection will be closed off in May 2022.

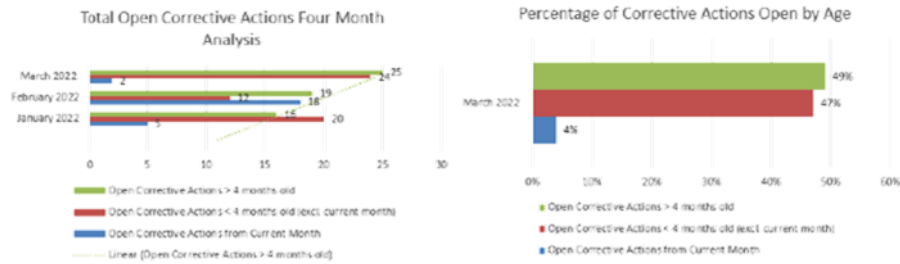
6. Corrective Actions Register

Open corrective actions indicate that an agreed action to rectify an incident or investigation has not been completed to a level that is acceptable by the organisation. The closure rate is based on a four-month analysis.

There was a total of two (2) corrective actions issued as at the end of March 2022 and an overall total of fifty-one (51) outstanding actions.

The total amount of open corrective actions that are closed within four months has increased from 49% in January 2022 to 51% as at the end of March 2022.

The total amount of open corrective actions that are outstanding greater the four months has increased from 39% in January 2022 to 49% as at the end of March 2022.



7. Injury Management

7.1 Lost Time Injury Frequency Rate (LTIFR) – Work in Progress

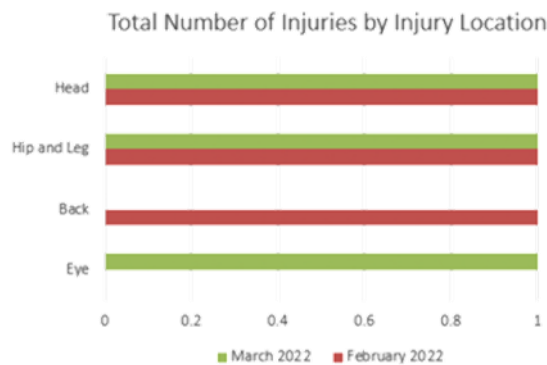
A lost-time injury is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day or shift.

- LTIFR refer to the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period.
- LTIFR is a proxy measurement for safety performance.

LTIFR calculations measure the number of lost-time injuries per million hours worked during an accounting period. It is a figure that can be benchmarked with others in the industry. The organisation is currently unable to report on LTIFR.

The Organisational Development Team has currently identified a function within Skytrust that will enable the organisation to report on this information. It will require monthly information from Payroll. This will be featured within the next report for management.

7.2 Injuries by body location details – February and March 2022



8. IM WHS Action Plan

8.1 WHS IM Action Plan Progress Report– (Yearly action plan – AR21/73314 (v4))

The IM/WHS plan has been peer reviewed and was endorsed by the Executive Leadership team.

Following the peer review the action plan has increased from a total of twenty-two (22) actions to thirty-two (32) in total. To date there have been four (4) actions completed.

The Organisational Development Team is currently developing a report that will be generated through RelianSys that will enhance the overall management of this Action Plan.

9. Wellbeing Initiatives

9.1 Ageing and Work Health Program – AR20/45900

Summary and progress update will be provided as part of future reports.

9.2 Wellbeing Program

The organisation received approximately \$20k through the Scheme awards in FY21. There has been agreement to invest these funds in a Wellbeing Program commencing in calendar year 2022 with a view to have an ongoing wellbeing program that is tailored for the workforce on an ongoing basis.

The Health and Wellbeing Program has officially launched.

The first Edition of the Weekly Wellbeing is scheduled to be issued to staff on 6 April 2022.

The Organisational Development Team is collating feedback and employee engagement to measure the success of this program.

10. Continuous Improvement/ Projects

10.1. Principle and Procedure development and review schedule

The procedures listed below were reviewed by relevant People Leaders in further detail after the November WHS Committee meeting and recommendation provided outlined that these procedures should be provided to the relevant workgroups for consultation.

Principle/ Procedure Name	Document number	Responsibility	Review Date	Status
UV and Inclement Weather Procedure	AR17/33093	WHSC	Apr-21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team
Work Zone Traffic Management Procedure	AR17/33133	WHSC	Apr-21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team

Communication and Consultation Principle	AR17/33096	WHSC	May-21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team
Communication and Consultation Procedure	AR17/33097	WHSC	May 21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team
Plant Procedure	AR17/33088	WHSC	Feb-21	Endorsed by WHS Committee at special committee meeting 9/03/2022. Documents undergoing final drafting by the OD team
Administration of the WHS Management System Principle	AR17/33071	WHSC	Apr-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR inbox by Friday 1st April 2022.
Emergency Management Principle	AR17/33071	WHSC	Apr-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR inbox by Friday 1st April 2022.
Emergency Management procedure	AR21/33128	WHSC	May-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR inbox by Friday 1st April 2022.
Excavation and Trenching Procedure	AR17/33072	WHSC	Feb-21	Reviewed at committee meeting held 22/03/2022 members to provide further reviews to the HR inbox by Friday 1st April 2022.

10.2 Skytrust Investigation Training

The organisation has received a scope of works which includes face to face Skytrust investigation training for all People Leaders to be conducted by Safety First. The Organisational Development Team is making an application through the Risk management Incentive program to fund this training,

5.3 EXTERNAL AUDIT MANAGEMENT REPORT – REPORT NO. AR22/25001

Committee:	Audit and Risk Committee
Meeting Date:	9 May 2022
Report No.:	AR22/25001
CM9 Reference:	AF11/863
Author:	Julie Scoggins, Manager Financial Services
Authoriser:	Darren Barber, General Manager Corporate and Regulatory Services
Summary:	To inform the Audit and Risk Committee of the following: - Progress against Council’s External Auditor’s recommendations for the 2020/21 year. - The interim management report provided by the external auditors including Council Management responses for the 2021/22.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR22/25001 titled ‘External Audit Management Report’ as presented on 09 May 2022 be noted.



TYPE OF REPORT

Corporate

BACKGROUND

- Audit and Risk Committee Terms of Reference** - The following section of the Audit and Risk Committee Terms of Reference is relevant to this report:
 - 12.5.6 Audit Findings** - Review the findings of the audit with the auditor. This shall include, but not be limited to, the following:
 - A discussion of any major issues which arose during the external audit;
 - Any accounting and audit judgements; and
 - Levels of errors identified during the external audit.
 - 12.5.9 Management Letter** - Review the management letter and management's response to the external auditor's findings and recommendations. Subsequent to the initial review the Committee will oversee action to follow up on matters raised by the external auditors.
- External Auditor Recommendations** - Council's previous external auditor, Galpins Accountants Auditors and Business Consultants, were appointed as Council's external auditor in 2016 and undertook interim and balance date audits over the following 5 years. Recommendations for improvement were put forward by Galpins with follow up actions agreed with Council.
- Appointment of External Auditors** - Dean and Newbery and Partners were appointed as Council's external Auditors for a period of 5 years commencing with the audit of the financial year ending 30 June 2022.
- Audit and Risk Committee Recommendation February 2022** – A report be provided to the Audit and Risk Committee at least on a quarterly basis throughout the financial year to provide an update on the progress against the recommendations raised by the External Auditors.
- Interim Audit Visit** - Council's external auditors (Dean Newbery and Partners) undertook an interim site visit in April 2022 in relation to the external audit for the year ended 30 June 2022.

PROPOSAL

- Action Plan** - Council staff have prepared and are continuing to implement an action plan to address the items identified in the Management Reports.
- Council's Progress** - This report and its attachments provide an update on Council's progress in implementing the continuous improvement recommendations noted on the 28th February 2022 Audit and Risk Committee Agenda (Attachment 1).
- 2020/21 Internal Controls Report** - As shown in Attachment 1 of this report of the five activities highlighted, one has been completed, two are partially completed and two are yet to implemented pending a Business Systems review.
- Interim Management Report May 2022 Risks Raised** - Following the April interim visit an External Audit Management Report was provided to Council staff and is included as Attachment 2. In summary the following risks were raised:
 - 4 High Level Risks** - Were raised including user access of the payroll master file, internal controls self-assessment (in line with the better practice model), general journal review and asset revaluation reserve adjustments.
 - 3 Moderate Risks** - Were raised including user access levels, Internal plant hire rates and full cost attribution, and policy register.
 - 7 Low Risks** - Were raised including payroll and accounts payable back-up duties, grants register, procurement exemption register, Riddoch Art Collection – Curatorial and



Preservation Policy, library assets – Capital vs Operating, leases and licences register, and payroll procedures.

5. **Interim Management Report May 2022 Management Response** - Attachment 2 also includes the management response to the risks raised that can be categorised as follows:
- **Actions Partially Implemented (2 Risks)** – A procurement exemption register has already been designed with a new form developed and new administrative procedure in progress. One policy (Asset Management Policy) was adopted by Council at the April 2022 meeting with quarterly reporting and a clear action plan to be developed to review and deliver other outstanding policies.
 - **Immediate Review (3 Risks)** – A review of finance system user access to be undertaken including payroll with a report back to Executive Leadership Group by the end of June 2022 and, evidence of journal review for month-end process to be recorded from April 2022 month-end (end of May 2022).
 - **Review Prior to Year-End FY 2022 (2 Risks)** - Asset revaluation reserve adjustment to be investigated and reversed prior to the year-end. Riddoch Art Collection – Curatorial and Preservation Policy to be taken to Council by August 2022 meeting for adoption.
 - **Completed by Half Year 2023 (3 Risks)** – Finance back-up and payroll procedures to be developed by the end of December 2022, Internal Plant Hire rates and Full Cost Attribution to be reviewed with new methodology and rates to developed ready for implementation by 30 September 2022.
 - **Completion During FY 2023 (4 Risks)** - Internal Controls Policy, methodology and self-assessment process to be developed in FY 2022, and implemented in FY 2023 (with information to be provided to the external auditors for the interim audit in April 2023), leases and licences review to be undertaken in FY 2023 and grants process to be developed and implemented by March 2023, and a decision to be taken re. accounting treatment of library books (asset accounting policy to be taken to Audit and Risk Committee for July meeting and August Council meeting) with implementation by end of FY 2023.
6. **Next Update** - An update will be provided to the July Audit and Risk Committee meeting in line with the Audit and Risk Committee adopted work program.

LEGAL IMPLICATIONS

Actions are required to be resolved to ensure compliance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and accounting standards.

Section 129 of the Local Government Act 1999.

STRATEGIC PLAN

N/A

COUNCIL POLICY

[A900 Asset Management Policy](#)

[P420 Procurement, & Disposal of Land and Assets](#)

[Asset Accounting Policy](#)

[B300 Budget Framework](#)

[T150 Treasury Management Policy](#)

ECONOMIC IMPLICATIONS

N/A



ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A

RESOURCE IMPLICATIONS

N/A

VALUE FOR MONEY

N/A

RISK IMPLICATIONS

N/A

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

CONCLUSION AND RECOMMENDATION

The external audit management report indicates that overall Council has effective controls in place, with opportunity for improvements noted and action plans established to achieve best practice.

ATTACHMENTS

1. External Audit Plan [↓](#)
2. 2022 Interim Management Report - Dean Newberry [↓](#)



Attachment 1 - External Audit Action Plan

Auditor Recommendation or Comment	Risk	Progress	Target Date	Status	Status	Completion Date
2020/21 Internal Controls Letter:						
		Executive reporting developed and implemented.	31-Dec-21	Complete	JS	31-Dec-21
Purchase Orders raised after invoices are received.	M	Revised procurement policy and recommendations from procurement review presented to Executive, Audit and Risk Committee and Council. Updated policy adopted by Council at the April 2022 meeting. Underpinning Administrative procedures to be developed and implemented.	30-Jun	Partially Complete	JS	
No formal maintenance plans supporting general maintenance strategies per the Asset Management Plan.	L	Asset maintenance programs will be developed following service reviews including a review of required service levels.	31-Dec	Partially Complete	BC	
Accounts Payable - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response, suitd checks are already in place that would identify any changes.	30-Jun-23	Not Started	JS	
Payroll - Improvements required in process for uploading supplier EFT files into online banking system.	M	A business systems review is scheduled. Any direct interface would need to be considered following completion of the review. As shown in the original response, suitd checks are already in place that would identify any changes.	30-Jun-23	Not Started	JS	



DeanNewbery

City of Mount Gambier

Interim Management Report
2021/22 Financial Year External Audit

May 2022



DeanNewbery

Interim Management Report – 2021/22 Financial Year

5 May 2022

Mr Paul Duka
Presiding Member - Audit & Risk Committee
City of Mount Gambier
PO Box 56
Mount Gambier SA 5290

Dear Mr Duka

We have recently completed our Interim Audit work plan of Council's 2021/22 financial year statutory external audit. We have prepared this Report summarising our findings, observations and recommendations for the Council's consideration.

As a result of work undertaken to date, there are no matters identified which would have an adverse impact on our internal control audit opinion for the financial year. Please note that we still have further testing of controls to complete as well as further sample substantive testing prior to us being in a position to be able to finalise an audit opinion on the internal controls of the Council for the full financial year.

I would like to take this opportunity to thank the Council's Administration for the assistance provide during the recent audit process.

Should you require any further information, please contact me on the details provided below.

Yours sincerely,

DEAN NEWBERY



Samantha Creten

Partner

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E. sam@deannewbery.com.au



1. Detailed Audit Findings – Interim Audit

We have highlighted below key audit matters which have been identified for further consideration and/or action as a result of audit work completed to date.

Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
1.	High	User Access Levels – Payroll Masterfile	<p>A review of the payroll user access levels identified that 14 different Council employees, 2 Trainees and 1 external contractor had access to the Payroll Masterfile which afforded them access to make changes. For example, the following positions within Council had such access (this is not an exhaustive list):</p> <ul style="list-style-type: none"> - Team Leader Financial Accounting - Accountant (external contractor) - Manager Organisational Development - Trainee(s) <p>We acknowledge that Council has implemented compensating controls whereby the Team Leader Financial Accounting undertakes a review of the Payroll Masterfile as part of the month-end procedures however, this Officer also has full access rights to the Payroll Masterfile. This presents a significant weakness in compensating controls as the Team Leader Financial Accounting has the ability to review and approve self-initiated changes without any independent over-sight.</p> <p>To strengthen segregation of duties and identified compensating controls we strongly recommend that Council undertaken a comprehensive review of all Officer responsibilities in conjunction with system permission levels to ensure adequate segregation of duties are always in place and maintained.</p>	<p>Review of Finance systems access to be undertaken by the Manager Financial Services with recommendation to be provided to the Executive by the end of June 2022.</p>	30 June 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
2.	High	Internal Control Self-Assessment	<p>Discussions with the Administration identified that Council was unable to identify when the last internal control self-assessment was undertaken to benchmark Council controls against the Better Practice Model.</p> <p>We recommend that Council undertake a comprehensive internal control self-assessment to ensure any weaknesses in internal controls are identified and included within the Audit & Risk Committee work program to be addressed. We further recommend that internal control self-assessments be undertaken biennially to ensure any changes in the internal control environment are documented and any weaknesses identified are addressed in a timely manner.</p>	<p>The last self-assessment of internal controls was presented to the Audit Committee in May 2018.</p> <p>The approach, systems solution and project plan will be presented to the Executive by the end of June 2022.</p> <p>A comprehensive organisation wide self-assessment will be undertaken and reported to the external Auditors as part of the interim audit for the 2022/23 financial year.</p> <p>The internal controls policy will be reinstated and revised recognising the importance of this policy in particular when aligned to changes in the Local Government Act.</p>	31 March 2023



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
3.	High	General Journal Review	<p>Audit procedures undertaken identified there is no evidence of independent review of General Journals on a periodic basis (i.e. Monthly).</p> <p>Discussions with the Administration identified that journals are processed by Team Leader Financial Accounting, however no formal review is undertaken of all General Journals for a particular period.</p> <p>Given the level of access afforded to Council staff to process General Journals highlighted in this report, to strengthen internal controls, we recommend that all general journals be independently reviewed by an Officer who does not have the ability to process Journals. This independent review will ensure all Journals processed are appropriate, free from error and are supported by appropriate documentation.</p> <p>Although there is no evidence of the primary control of independent reviews having been completed, we acknowledge that there are other compensating controls in place related to the completion and review of General Ledger Reconciliations.</p>	<p>Journals are available for review in support of the monthly reconciliation reviews undertaken by the Manager Financial Services.</p> <p>Key calculations that support journals are reviewed as part of this process for example employee provisions.</p> <p>Responsibility for the raising of journals will be reviewed within the Finance team to ensure that this is at the appropriate level and review as part of review of the Financial Services Team structure and responsibilities.</p>	31 May 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
4.	High	Asset Revaluation Reserve – Adjusting Entry	<p>A review of Council's Asset Revaluation Reserve identified the Infrastructure Other Asset Revaluation Reserve held a negative balance of \$5.39M as at 30 June 2021.</p> <p>A review of Council's Note 6 Infrastructure, Property, Plant & Equipment within the 2021 audited Financial Statements identified there is no specific asset class related to 'Infrastructure Other'.</p> <p>Furthermore, as per the Australian Accounting Standards, AASB 116 (Property, Plant and Equipment) prevents any Asset Revaluation Reserves from going into negative balances, with any amounts that cause a reserve to go into negative to be recognised in the Statement of Comprehensive Income.</p> <p>Discussions with Administration indicated that they were unsure how the error had occurred in the previous financial year, but may have resulted from an incorrect adjusting journal. The total balance of the negative amounts is considered of a material nature. Further work will be required by the Administration to determine the history of this transaction and the appropriate accounting treatment moving forward to correct the issue in line with the accounting standards.</p> <p>We will continue to work with Administration to rectify this issue prior to year-end.</p>	<p>The balance highlighted in the external audit was created by a journal raised during the FY 2019 year-end process.</p> <p>The journal will be reversed which will resolve this issue prior to the 2021/22 year-end.</p> <p>A comprehensive review of asset accounting will be undertaken as part of the review of the structure of the Financial Services team.</p>	31 May 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
5.	Moderate	User Access Levels – Segregation of Duties	<p>Further to 1 above, a review of the user access levels across many Council functions identified what we consider to be inappropriate access enabled to some employees. For example, Procurement and Asset Officers had the ability to undertake all of the following functions:</p> <ul style="list-style-type: none"> - Budget Transaction Deletion - Budget Transaction Entry/Maintenance - Budget Parameters - Standing Journal Maintenance - Standing Journal Batch Maintenance - General Ledger Import - All Account Maintenance functions <p>In our view this level of access across the organisation presents an unacceptable weakness in segregation of duties and internal controls.</p> <p>We acknowledge that Council is undertaking a review and potential re-structure of the Finance department to address where possible segregation of duty issues that are identified.</p> <p>To strengthen internal controls, we strongly recommend that Council undertake a comprehensive review of all user access levels as part of the re-structure, to ensure Officers are only afforded the access levels required to undertake their specific role within Council.</p>	<p>Review of Finance systems access to be undertaken by the Manager Financial Services with recommendation to be provided to the Executive by the end of June 2022.</p>	30 June 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
6.	Moderate	Internal Plant Hire Rates and Full Cost Attribution	<p>Discussions with the Administration identified that the Internal Plant Hire rates and the Full Cost Attribution calculations had not been reviewed since 2019.</p> <p>To ensure appropriate cost allocations and assumptions are included within the calculations, we recommend that Council undertakes a review of the methodology applied for these calculations and the assumptions included.</p>	<p>These will be reviewed in preparation for the 2022/23 financial year and implemented from the end of Quarter 1.</p>	30 September 2022
7.	Moderate	Policy Register	<p>On reviewing a sample of policies recorded on Council's Policy Register, we identified that there were a number of policies that were required to be reviewed and updated, given the timeframes stipulated.</p> <p>Examples of policies requiring review:</p> <ul style="list-style-type: none"> - Record Management - Fraud and Corruption Prevention Policy - Waste Management – Refuse Collection - Expiation Notices – Cancellation or Waiver - Waste Management – Receipt of Waste – Caroline Landfill - Asset Management <p>In total, we note that Council has 35 of a total 70 policies that were highlighted as being overdue for review.</p>	<p>A quarterly report will be provided to the Executive Leadership Team by the Manager Governance and Risk that will highlight progress in updating policies.</p> <p>It should be noted that two policies were updated at the April 2022 Council meeting being:</p> <p>A900 Asset Management Policy was adopted by Council at the meeting on 19 April 2022.</p> <p>C375 Council Vehicles - Provision and Replacement Of was revoked by the Council meeting on 19 April 2022 as it was no longer required and will be replaced by a more appropriate Administrative Procedure.</p>	Ongoing



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
8.	Low	Payroll and Accounts Payable Back-up duties	<p>Discussions with Administration identified that the backup officers for both the Payroll and Accounts Payable Officers had not undertaken a full pay-run or creditor payment run in a number of months.</p> <p>It is good governance to ensure key finance function back-ups are proficient in undertaking their back-up duties. As such, we recommend that these back-up Officers undertake a full pay-run and creditor payment run on a periodic basis (i.e.at least quarterly) in order to maintain an appropriate level of understanding and proficiency in order to maintain the key finance functions of Council if required.</p> <p>We consider this particularly important given the current climate of the work environment and Employees being subject to illness and COVID-19 restrictions which may result in key staff being inactive for an extended period of time.</p>	This will be reviewed as part of the Financial Services team structure review with a process to be implemented.	31 December 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
9.	Low	Grants Register	<p>Discussions with the Administration identified that Council does not maintain a centralised Grants Register which includes the relevant information for all active grant agreements throughout Council.</p> <p>Given the growing number of Grant agreements held by Council and the increasing number of Grant opportunities, we recommend that Council consider developing a Grants Register which for example includes the following:</p> <ul style="list-style-type: none"> - Name of Grant Agreement - Responsible Body - Responsible Officer within Council - Agreement amount - Amounts paid year to date - Relevant performance obligations - Acquittal due date 	<p>A grants schedule will be created as part of the year-end process to detail all grants awarded (by August 2022).</p> <p>There is currently a grants register within Council, however, the supporting process to ensure that all information is recorded by the relevant officer in consultation with the Financial Services team is required. The fields within this register will also be expanded to include the data as specified.</p>	31 March 2023



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
10.	Low	Procurement Exemption Register	<p>A review of Council's Procurement Policy identified that under section 11, in certain extenuating circumstances, the CEO may waive application of this Policy and pursue a method which will bring the best outcome for Council.</p> <p>In these instances, Council Officers are required to complete an exemption form which is to be signed by the CEO for Authorisation.</p> <p>Through discussions with the Administration, it was identified that there is no documented register of instances whereby an exemption form was completed.</p> <p>We acknowledge that the Administration are currently undertaking a comprehensive review of their procurement function to strengthen Council Policy and practices.</p> <p>To strengthen internal controls and improve governance, we recommend that Council consider maintaining a centralised Procurement Exemption Register which retains, but is not limited to, the following information to ensure transparency across all procurement activities:</p> <ul style="list-style-type: none"> - All instances of Procurement Policy exemption - Exemption Form CM9 reference - Requesting Officer - Dollar amount of exemption approved - Brief description as to why the exemption was sort after <p>We will undertake further procurement testing at our next audit attendance.</p>	<p>The requirement for a register was identified in the procurement review findings presented to the Executive Leadership Team in February 2022.</p> <p>The recommendation for the new process for procurement exemptions and supporting documentation was presented at this time.</p> <p>This recommendation was also presented to the Audit and Risk Committee at a workshop on 28 February 2022 and subsequently discussed at the Committee meeting on 28 March 2022.</p> <p>The policy was amended to include specific reasons for exemptions, with a new supporting process, template and reporting to be implemented across the organisation. This was adopted by Council on 19 April 2022</p> <p>The procurement exemption register was created in April with the fields as defined with a new template that collates the required information.</p> <p>The Administrative procedure and reporting will be implemented by the end of June 2022.</p>	30 June 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
11.	Low	Riddoch Art Collection – Curatorial and Preservation Policy	<p>Discussions with Administration identified that Council does not maintain a "Curatorial and Preservation Policy" which is a requirement under AASB 116 Property, Plant & Equipment Section G3 & G4 for Assets that have an indefinite useful life (i.e. are not depreciating assets).</p> <p>As Council's art collection is not depreciated due to it being a cultural asset, we recommend that Council implement a Curatorial and Preservation Policy which highlights the following in line with AASB 116 section G4:</p> <ul style="list-style-type: none"> a) A clearly stated objective about the holding and preservation of items; b) A well-developed plan to achieve the objective, including demonstration of how the policy will be implemented, based on advice by appropriately qualified experts; c) Monitoring procedures; and d) Periodic reviews. <p>We acknowledge that at the time of our attendance, and based on work undertaken with Council Administration, that the Administration had already taken steps to create the Curatorial and Preservation Policy.</p>	Policy to be created and taken to the Audit and Risk Committee for review in July 2022 and for adoption by Council in August 2022.	31 August 2022



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
12.	Low	Library Assets – Capital vs Operating	<p>A review of Council Infrastructure, Property, Plant and Equipment identified that Library Books are currently being capitalised and subsequently depreciated over 7-10 years.</p> <p>With the introduction of the One Card system in 2014/15 under Libraries SA, the requirement of control, to recognise an asset, over these library books may no longer be met by Council due to the patron's ability to borrow and return books at any public library across South Australia. As a result, we recommend Council Administration review the accounting treatment of these library books.</p> <p>As at 30 June 2021, Council had a total carrying value of approx. \$545K related to Library Books with approx. \$92K of purchases in the current Financial Year.</p> <p>From our experience with other Council's with similar accounting treatment, the library books have been removed as a capital asset and treated as operating expenses moving forward. The corresponding income received for the purchase of the library books have been treated as operating income.</p> <p>Specific consideration should be given toward the capital or operating nature of the expenditure incurred each year relating to the library books.</p>	<p>Accounting treatment change to be implemented from the 2022/23 financial year.</p> <p>Revised Asset Accounting Policy to be taken to the Audit and Risk Committee including this change in July 2022 and to Council for adoption in August 2022.</p> <p>The change in accounting treatment will be recognised in the 2022/23 budget at Budget Review 1 in December 2022.</p> <p>The change will be recognised in the actual financial statements for 2022/23.</p>	30 June 2023



Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
13.	Low	Leases and Licences Register	<p>A review of Council's Leases and Licences register identified of the 71 leases and licences on the register, 35 (49%) were not current/had expired.</p> <p>Discussions with the Administration confirmed that these leases and licences were being charged based on the rates detailed in the register.</p> <p>To strengthen internal controls and for good governance, we recommend that Council review their leases and licences register to ensure that it is up to date and all lease and or/licence agreements listed have up to date signed agreements.</p>	<p>A replacement Lease and Licence Register is under preparation, including up-to-date information and improved functionality, to be operational in the 2022 year.</p> <p>The majority of leases and licences are to community organisations with the (rental) rate detailed in the lease and licence register being a reference to the 'declared rate' as specified in Council's Community Land (Reserves) Lease/Licence/Rental Arrangements Policy R200 and Council's Schedule of Fees and Charges.</p> <p>The high proportion of leases and licences with past expiry dates is consistent with Council's adopted 'strategic property management approach' (Resolution 2020/281 - September 2019).</p> <p>'Holding over' arrangements for community tenants were confirmed in writing in October 2020 and are therefore considered as current and in accordance with the terms and conditions of the relevant lease or licence documentation.</p> <p>Renewal, replacement or otherwise of expired leases and licences is pending strategy/direction from site/precinct master plans and other supporting outcomes arising from Council's adopted Sport, Recreation and Open Space Strategy (SROSS) (Resolution 2022/78 - April 2022).</p> <p>A project plan and timeframes will be developed for the necessary activities to support the SROSS implementation, including leasing and licensing arrangements, noting that these activities will commence, but not be completed in the current audit period.</p>	30 June 2023





Audit Matter Reference	Audit Priority Rating	Audit Matter	Audit Finding & Recommendation	Management's Response	Expected Completion Date
14.	Low	Payroll Procedures	<p>A review of the Payroll function identified that Council has no formally documented Payroll procedures which outlines the day to day processes of the payroll module.</p> <p>To strengthen internal controls and to prevent the loss of corporate knowledge with the departure of key staff, we recommend that formal documented payroll procedures be developed and maintained.</p>	There are documented processes, however, these have not been recently updated and tested or input into the formal template.	31 December 2022



2. Assessment of Audit Findings

We have provided ratings against each audit matter raised in Section 2 of this Report to assist the Council with prioritising and assessing what corrective actions to undertake to address recommendations made.

The ratings provide Council with an assessment of the level of importance placed by us in relation to the work we undertake and the potential impact of non-corrective actions may have on the work we undertake (i.e. our final audit opinions to be issued) or where we perceive there to be a risk to Council which may result in stated strategic objectives or compliance not being met.

The ratings provided are not to be applied for any other purposes than as stated within this Report.

Audit Priority Rating Guide	Detailed Description
<p style="text-align: center;">High</p>	<p>The matter identified, if left uncorrected or not adequately addressed, may result in a material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations. Depending on the material nature and severity of the matter, this may result in a modified audit opinion.</p> <p>Audit expectation is that immediate action is taken to address the matter.</p>
<p style="text-align: center;">Moderate</p>	<p>The matter identified does not presently represent a risk of material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations. If the matter is not adequately addressed, this may result in a weakness in overall assessed compensating controls which could result in material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations.</p> <p>Audit expectation is that Council takes action to address the matter to further strengthen the internal control environment.</p>
<p style="text-align: center;">Low</p>	<p>The matter identified present no risk of material misstatement and/or non-compliance with the <i>Local Government Act 1999</i> and applicable Regulations.</p> <p>The matter raised is to assist Council with further strengthening its internal practices and controls so as to further strengthen its processes and procedures.</p>



DeanNewbery

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5.4 ANNUAL BUSINESS PLAN AND BUDGET, LONG TERM FINANCIAL AND ASSET MANAGEMENT PLANS UPDATE – REPORT NO. AR22/30476

Meeting: Audit and Risk Committee
CM9 Reference: AF11/863
Author: Julie Scoggins, Manager Financial Services
Authoriser: Darren Barber, General Manager Corporate and Regulatory Services

REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR22/30476 titled 'Annual Business Plan and Budget, Long Term Financial and Asset Management Plans Update' as presented on 09 May 2022 be noted.

The Committee may consider suspending meeting procedures and or making confidentiality order for any relevant discussion to occur on the Annual Business Plan and Budget, Long Term Financial Plan and Asset Management Plans.

ATTACHMENTS

Nil



6 MEETING CLOSE



**MINUTES OF CITY OF MOUNT GAMBIER
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT
GAMBIER
ON MONDAY, 28 MARCH 2022 AT 5.30 P.M.**

PRESENT: Mayor Lynette Martin (OAM), Cr Sonya Mezinec, Mr Paul Duka, Mr Alexander Brown, Ms Belinda Johnson

OFFICERS IN ATTENDANCE:	Acting Chief Executive Officer	- Mr T Coote
	General Manager Corporate and Regulatory Services	- Mr D Barber
	General Manager City Infrastructure	- Ms B Cernovskis
	Manager Finance	- Mrs J Scoggins
	Manager Organisational Development	- Ms R Datta
	Executive Administrator	- Mrs A Pasquazzi

1 ACKNOWLEDGEMENT OF COUNTRY

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

2 APOLOGY(IES)

Nil

3 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Alexander Brown

Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee meeting held on 28 February 2022 be confirmed as an accurate record of the proceedings of the meeting.

CARRIED

4 QUESTIONS WITHOUT NOTICE

Nil



5 REPORTS

5.1 RISK REPORT

COMMITTEE RESOLUTION

Moved: Cr Sonya Mezinec
Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR21/74818 titled 'Risk Report' as presented on 28 March 2022 be noted.

CARRIED

5.2 WORK HEALTH, SAFETY AND WELLBEING

COMMITTEE RESOLUTION

Moved: Alexander Brown
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR21/74819 titled 'Work Health, Safety and Wellbeing' as presented on 28 March 2022 be noted.

CARRIED

5.3 ASSET ACCOUNTING AND ASSET MANAGEMENT POLICIES

The Presiding Member sought the approval of at least two-thirds of the members present at the meeting to suspend meeting procedures for a period of 15 minutes:

Purpose of the Suspension: To discuss the Asset Accounting and Asset Management Policies presented in Report No. AR22/19830.

Carried by more than two-thirds of the members present at the meeting.

Meeting Procedures were suspended at 6:16 pm

The Presiding Member determined that the period of suspension should be brought to an end;

Carried by more than two-thirds of the members present at the meeting.

The Period of Suspension came to an end and Meeting Procedures resumed at 6:22 pm

COMMITTEE RESOLUTION

Moved: Alexander Brown
Seconded: Cr Sonya Mezinec

1. That Audit and Risk Committee Report No. AR22/19830 titled 'Asset Accounting and Asset Management Policies' as presented on 28 March 2022 be noted.



2. That the Asset Accounting Policy as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:
 - (a) the right of use of leases assets be included
 - (b) the purpose be altered to exclude Treasury Management
 - (c) the policy review date be changed to annually
3. That Policy A900 - Asset Management as attached to Report No. AR22/19830 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted.
4. That Council Policy C375 Council Vehicles - Provision and Replacement as attached to Report No. AR22/19830 be revoked.

CARRIED

5.4 BUDGET REVIEW 1 & 2 - 2021/2022

COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR22/19869 titled 'Budget Review 1 & 2 - 2021/2022' as presented on 28 March 2022 be noted.

CARRIED

5.5 LOCAL GOVERNMENT REFORM UPDATE

COMMITTEE RESOLUTION

Moved: Paul Duka
Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR22/20118 titled 'Local Government Reform Update' as presented on 28 March 2022 be noted.

CARRIED

5.6 POLICY REVIEW - P420 PROCUREMENT & DISPOSAL OF LAND AND ASSETS

COMMITTEE RESOLUTION

Moved: Belinda Johnson
Seconded: Cr Sonya Meziniec

1. That Audit and Risk Committee Report No. AR22/20210 titled 'Policy Review - P420 Procurement & Disposal of Land and Assets' as presented on 28 March 2022 be noted.
2. That the revised P420 Procurement & Disposal of Land and Assets Policy as attached to Report No. AR22/20210 having been reviewed by the Audit and Risk Committee on 28 March 2022 be adopted with the following changes:
 - (a) clause 7.6 include social and community enterprises and indigenous enterprises

(b) clause 15 include (h) with reference to inclusion of considerations of one off purchases in a limited market

(c) clause 12 include reference to immediate family

CARRIED

6 MOTIONS WITHOUT NOTICE

Nil

7 MEETING CLOSE

The Meeting closed at 7:05 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on 2 May 2022.

.....
PRESIDING MEMBER

